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U. S. DEPARTMENT OF LABOR
JAMES J. DAVIS, Secretary
BUREAU OF LABOR STATISTICS
ETHELBERT STEWART, Commissioner

BULLETIN OF THE UNITED STATES BUREAU OF LABOR STATISTICS . . . . . No. 312

WORKMEN'S INSURANCE AND COMPENSATION SERIES

NATIONAL HEALTH INSURANCE IN GREAT BRITAIN, 1911 TO 1921

By HENRY J. HARRIS

APRIL, 1923

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BULLETIN OF THE

U. S. BUREAU OF LABOR STATISTICS

NO. 312 WASHINGTON APRIL, 1923

NATIONAL HEALTH INSURANCE IN GREAT BRITAIN, 1911 TO 1921.

INTRODUCTION.

Great Britain placed in operation a compulsory system of health and invalidity insurance in the year 1912, when the act of December 16, 1911, came into force. This sharp break with the traditional policy of the Government of that country was made, according to one critic, with dramatic suddenness, though also "with almost universal consent."

The reasons for the introduction of the system came out fully in the debates in Parliament on the bill. Emphasis was placed on the fact that sickness was the cause of poverty to a large extent; a prominent Government official had said that 30 per cent of the pauperism was due to sickness; that pauperism was a serious problem had been demonstrated by the old age pension law of 1906. This act had revealed a mass of destitution and suffering in the age period 70 years and over, and the same condition undoubtedly existed for the ages prior to 70.

Considerable provision had already been made against distress due to death, sickness, and unemployment. There was hardly a household in the country where there was not some form of insurance against death, which had always been one of the main activities of the mutual and commercial organizations for providing insurance. The plan for State insurance, therefore, omitted any burial benefits. There was also a widespread system of provision against distress due to sickness by the voluntary organizations; there were perhaps between six and seven million persons who had secured such provision, but most of it was inadequate, and, worst of all, it was frequently allowed to lapse, mostly for reasons beyond the control of the wage earner. In very many cases the purchase of such insurance was beyond the means of the wage earner, and in 1911 it was estimated that only about one-half of them were in possession of such protection.

It was estimated at the time that there would be about 9,200,000 men and 3,900,000 women who would be subject to the health insurance system. The actual experience later showed that these estimates were approximately correct, as the number of men insured in 1914 was about 9,680,000 and the number of women was about 4,077,000, or a total of about 13,757,000. As shown in the table following, the number of occupied persons over 10 years of age in England and Wales in 1911 was about 16,300,000; since 85 per cent

of the insured population is resident in these two countries, a comparison of the occupied with the insured population will give a fair idea of the extent of the insurance. The number of insured persons in England and Wales in 1913 was about 11,211,000; this number is about 70 per cent of the persons engaged in occupations in 1911.

At the time the insurance bill was placed before Parliament the total population of England and Wales was 45,221,615; the number of persons 10 years of age or over who were reported by the 1911 census as having an occupation was 16,286,919. The following table shows the data for 1911 and the three preceding censuses:

NUMBER OF OCCUPIED AND OF UNOCCUPIED PERSONS 10 YEARS OF AGE AND OVER IN ENGLAND AND WALES AND PROPORTION IN EACH CLASS, 1881, 1891, 1901, AND 1911.

[Source: Census of England and Wales, 1911. Vol. X, Part 1, London, 1914. Cd. 7018. Pp. 552, 553; Statistical abstract for the United Kingdom, 65th number. London, 1919. Cmd. 491. P. 383.]

Year.	Total occupied and unoccupied.	Retired or unoccupied.	Engaged in occupations.	Total population of United Kingdom.
Number:				
1881	19,306,179	8,144,463	11,161,716	34,884,848
1891	22,053,857	9,301,862	12,751,995	37,732,922
1901	25,323,844	10,995,117	14,328,727	41,458,721
1911	28,519,313	12,232,394	16,286,919	45,221,615
Proportion per million of population 10 years of age and over:				
1881	1,000,000	421,858	578,142	.....
1891	1,000,000	421,779	578,221	.....
1901	1,000,000	434,180	565,820	.....
1911	1,000,000	428,916	571,084	.....

According to these returns, about 57 per cent of the population 10 years of age and over were gainfully employed at the time the respective census figures were collected, the proportion showing a slight decrease in the last two censuses as compared with the earlier censuses.

The principal occupations in which these persons in the gainfully employed population were engaged in 1911 were the following:

PRINCIPAL OCCUPATIONS, ENGLAND AND WALES, 1911.

[Source: Census of England and Wales, 1911, Vol. X, Occupations and Industries. Part I, London, 1914. Cd. 7018. P. cl.]

Industry or service.	Net total in industry or service.			Number classified in occupation census.		
	Males.	Females.	Total.	Males.	Females.	Total.
Domestic indoor service	41,765	1,260,673	1,302,438	54,260	1,335,358	1,389,618
Agriculture (on farms, woods, and gardens)	1,134,714	94,841	1,229,555	1,140,515	94,722	1,235,237
Coal mining	968,051	3,185	971,236	884,530	2,856	887,386
Building	814,989	2,953	817,942	872,963	572	873,535
Cotton manufacture	250,991	372,834	623,825	233,380	371,797	605,177
Local government (including police and poor-law services)	412,501	176,450	588,951	107,810	19,437	127,247
Railway companies' service	535,799	7,170	542,969	397,990	2,636	400,626
Engineering and machine making, iron founding and boiler making	502,942	7,284	510,226	516,353	4,571	520,924
Dressmaking	3,826	333,129	336,955	2,815	339,240	342,055
Teaching	89,648	211,183	300,831	76,428	187,283	263,711
Inn, hotel service	178,550	110,506	289,056	156,389	89,497	245,886
Grocery	210,387	58,935	269,322	165,981	53,638	219,619
Tailoring	127,301	127,527	254,828	122,352	127,115	249,467
Printing, bookbinding, and stationery	161,856	87,609	249,465	155,170	89,680	244,850
National Government	215,110	34,089	249,199	140,814	31,538	172,352
Woolen and worsted manufacture	105,552	127,637	233,189	95,531	127,148	222,679
Boot, shoe, etc., making	172,000	45,986	217,986	169,171	44,523	213,694
Drapery	93,171	110,955	204,126	66,362	84,606	150,968

The foregoing table shows, first, the total number of persons employed in each of the industries having more than 200,000 persons employed in them and, second, the number for which occupational details were reported.

These data show that the country has a wide variety of industries, including agriculture, mining, construction, manufacturing, and commerce, and also that the professions, such as teaching, are well represented.

One problem in providing a system of health insurance for this population was to decide whether it should be organized by industries or by other groups. The German plan was to use the industry as a principal basis of organization, but as early as 1908 the leader of the Government had said in the House of Commons that the German plan was unsuited to British needs; by disregarding the occupational or industrial lines it was believed that a solution could be found which would appeal more strongly to the traditional individualism of the British wage earners.

The plan adopted made use of a wide variety of existing voluntary organizations as carriers, some of which were based on occupational lines, but the greater part consisted of a membership selected without regard to industry or occupation.

These societies had used a contributory system of insurance, and this helped to make the operation of the system easier, as the machinery of collecting contributions was already in existence or familiar to most of the persons to be insured. During the discussions on the bill the suggestion was made that the State should bear the entire cost of the insurance, as was the case with the old-age pension system. It was easy to prove that the amount necessary to cover the cost of such a plan was so heavy that the question practically resolved itself into deciding in favor of a contributory system or of having no State insurance at all.

From the very start it was recognized that the plan would have to be modified from time to time to adjust it to conditions not foreseen when the plan was prepared, or to improve it as experience showed the necessity for such change. The principal amending laws have been those of 1913, 1918, and 1920. The first two of these provided for simplifying the administration and correcting certain abuses; the 1920 amending act increased the contributions and benefits and provided for the eventual transfer of the sanatorium (tuberculosis) benefit to a new service in order to supply a more comprehensive course of treatment. Since the establishment of the system, two investigating committees have made exhaustive surveys of its workings. It is interesting to note that these committees, composed of members of different parties and representing different points of view, all seem to join in stating that the actual working of the plan was of distinct value to the persons insured. All of their recommendations were in the direction of extending and improving the system. The only change which has the appearance of lack of success in the system is the removal of the sanatorium benefit. The author of this change, the first minister of health, has stated that it was made for the purpose of introducing a nation-wide, intensive system of treatment which would be beyond the scope of a health insurance system.

The history of health insurance in Great Britain is in some detail in the twenty-fourth annual report of the United States Commissioner of Labor, in which the latest information given is for the year 1909. It is now known that the British Government at that time had its experts at work preparing plans for the system here described, and the present report therefore may be said to take up the subject where the former study ceased.

SUMMARY STATEMENT OF THE SYSTEM.

By the act of December 16, 1911, which came into operation on July 15, 1912, a system of compulsory health and invalidity insurance was introduced into Great Britain. The following pages summarize the provisions of this act as amended by the legislation of 1913, 1918, 1919, and 1920.

INDUSTRIES AND OCCUPATIONS INCLUDED.

The general rule is that the insurance includes all persons, men and women, 16 years of age or over, under any contract of service for which remuneration is paid. The most important limitation on this general rule relates to nonmanual employments. Persons employed at other than manual labor whose annual remuneration exceeds £250 ($1,217, par) are not included. Prior to July 1, 1919, this limitation was £160 ($779, par).

The official Handbook of Approved Societies (1915) sums up the groups eligible for insurance as follows:

1. Persons in employment by way of manual labor, regardless of earnings.
2. Persons in any employment at a rate of remuneration not exceeding in value £160 [now £250].
3. One who has been an insured person for two years or upward.
4. One who has been an employed contributor and being of the age of 60 or upward, who shows to the satisfaction of the insurance commissioners [now the Ministry of Health] that he or she has ceased to be insurable as an employed contributor.

It will be noted that there is now practically no age limit, though pecuniary benefits are not paid after the age of 70 is reached. The employments include agriculture, mining, industry, commerce, transportation, and public service.

The persons exempt from the insurance are those who have rights to sickness and other benefits from certain specified sources, such as railway employees, school-teachers, etc., who are entitled to such benefits from existing funds. Casual employments are exempt unless the employment is in the regular line of the employer's trade or business.

If the person employed within the general terms of the law can prove that (1) he is in receipt of any pension or income of the annual value of £26 ($127, par) or more and not dependent on his personal exertions, or (2) that he is ordinarily and mainly dependent on some other person for his livelihood, or (3) that he is dependent for his livelihood on earnings derived from an occupation which is not employment as already defined, then he may be granted exemption by the authorities.

Voluntary insurance is permissible only for persons who have been insured for two years or more.

DISABILITY PROVIDED FOR.

The insurance is intended to provide for inability to work due to some specific disease or bodily or mental disablement. The pecuniary relief commences with the fourth day of such incapacity, while the medical relief is available from the beginning of sickness. There are two types of disability recognized by the law: First, that usually known as temporary disability; second, that usually termed invalidity. The first is expected to include cases lasting less than six months in a year, and the second, cases of longer duration or even permanent total disbility. The system is therefore a combined sickness and invalidity insurance system. The presence of the invalidity feature is responsible for the complicated financial arrangements of the system. Accidental injuries which receive benefits under the workmen's compensation act are not usually included, but disability due to accidents not covered by the compensation act does entitle to benefits, unless by some legal process compensation or damages equal to or in excess of the regular benefits are secured. The carriers of the insurance may themselves take steps to secure such compensation or damage. Venereal diseases, even if due to misconduct, must receive medical benefits and may receive pecuniary benefits.

For the women included in the insurance, provision is made for inability to work on account of childbirth. The uninsured wife of an insured man also receives this benefit.

THE BENEFITS.

The benefits provided by the insurance are divided into two groups—those administered by the insurance committees and those by the "approved societies."

The insurance committees have charge of (1) medical benefits, (2) sanatorium benefit (discontinued in 1921, except in Ireland), (3) sickness benefit, (4) disablement benefit, (5) maternity benefit, (6) additional benefits. It will be noted that there is no funeral benefit.

Medical benefit.—This consists of such medical treatment as can consistently, with the best interests of the patient, be properly undertaken by a general practitioner of the usual professional skill. It also includes the provision of medicines and of such medical and surgical appliances as are approved by the regulations issued by the insurance authorities; that is, by the Ministry of Health or the Scottish Board of Health. As soon as a person is accepted as a member by an approved society, this benefit becomes available without any waiting period. The benefit must be provided immediately on the beginning of the disability.

Voluntary contributors are entitled to medical benefit in the same manner as the regular contributors, but if their annual income exceeds £250 ($1,217, par), no right to this benefit exists. Their dues, however, are reduced 2 pence (4 cents, par) weekly.

In the rare cases where the insurance authorities are satisfied that the insured persons in any area are not receiving adequate medical service, they may make special arrangements to provide such service, or they may allow the beneficiaries to provide themselves with service and pay them for the cost of it.

Sanatorium benefit.—Prior to 1921 this benefit consisted of treatment in a sanatorium or similar institution, or at home, provided for insured suffering from tuberculosis, or such other diseases as might be designated by the minister of health (formerly by the local government board). No diseases other than tuberculosis have ever received treatment under the law providing for this benefit, so that it has always been a tuberculosis benefit. Under the provisions of the public health (tuberculosis) act of 1921 (11 and 12 Geo.V, ch. 12) a general tuberculosis service for the entire population (insured and uninsured) was instituted; the insurance system acts as a cooperating service under the law and by complying with certain conditions has representation on the governing bodies which administer the new tuberculosis service. The new act does not apply to Ireland.

Sickness benefit.—This consists of a periodical payment to insured persons rendered incapable of work by some specific disease or by bodily or mental disablement of which notice has been given, commencing on the fourth day of such incapacity and continuing for a period not exceeding 26 weeks. If the disability continues longer than 26 weeks, the disablement benefit (described below) begins. These two benefits cease when the age of 70 is reached, as the old-age pension begins at that age. Sickness benefit is not paid in maternity cases. As some supervision of the beneficiary is required, the sickness benefit is not paid while the patient resides outside of the United Kingdom.

If this benefit is drawn for a period of 26 weeks, application for benefit for another case of sickness will be approved only when at least 12 months have elapsed from the date of last receipt of benefit.

The societies are authorized to refuse or suspend the benefit if the sickness was caused by misconduct or if recovery is delayed by failure to observe the rules.

The "ordinary" rate of sickness benefit is 15 shillings ($3.65, par) per week for men and 12 shillings ($2.92, par) per week for women.

The sickness benefit is payable only after the contributor has been insured 26 weeks and has paid 26 contributions. If a person ceases to be insured and then later again becomes an employed contributor, a waiting period (or what may be termed a probationary period) is again required; as the law expresses it, "he shall be treated as if he had not previously been an insured person."

Disablement benefit.—This consists of a periodical payment in case of a disease or disablement which has exhausted the sickness benefit. The rate is 7 shillings 6 pence ($1.83, par) per week for men and women alike and continues for the duration of the disablement. A waiting period (or probationary period) of 104 weeks, for which a like number of contributions has been paid, is required. The benefit begins on the day after sickness benefit has been exhausted, but only after 104 weeks of insurance.

Maternity benefit.—This consists of a sum of money payable after contributors have been insured 42 weeks (formerly 26 weeks). An insured man is entitled, on the confinement of his wife, to receive from the society the sum of 40 shillings ($9.73, par), the benefit being the wife's property. If the wife is also insured, she is entitled to receive from her society a further sum of 40 shillings, making in all 80 shillings ($19.47, par). In order not to place in an unfavorable position the insured woman whose husband is not insured, the double

benefit of 80 shillings is paid to her also, in this case the whole amount coming from her society. An unmarried woman is entitled, on confinement, to a benefit of 40 shillings.

The maternity benefit does not carry with it the right to any medical attendance or medicines, nor may the insured woman receive any sickness benefit for four weeks after the date of confinement, unless there is some disease or disablement not connected directly or indirectly with the confinement. However, the model rules issued by the commissioners state "a woman in respect of whom this benefit is payable must be attended in her confinement by a duly qualified medical practitioner or by a midwife possessing the prescribed qualifications."

The 40 shillings benefit paid in respect of a wife's insurance carries with it the obligation to abstain from remunerative employment for four weeks after the confinement.

In order to make sure that the maternity benefit reaches the widest possible group of insured women, it is payable even though the woman has already exhausted her 26 weeks of sickness benefit or even if she has been suspended from sickness benefit on account of arrears. Similarly, when the husband is in arrears or is otherwise disqualified, the wife's society must pay the 80 shillings benefit.

An additional aid in maternity cases is provided by section 10 (4)b of the act of 1911, under which no regard is to be taken of arrears of contributions during the two weeks before and four weeks after confinement in the case of an insured married woman. This is equivalent to exemption from contributions for these six weeks.

Additional benefits.—Section 37 of the 1911 act provides that where the actuarial valuation of an approved society shows that there is a surplus over liabilities, the society may provide for its members and their dependents certain additional benefits. The fourth schedule appended to the 1911 act gives a list of the permissible extensions of benefits. These may be summed up as consisting of increases in the ordinary benefits, expecially in cases where a member has dependents, an addition to the old-age pension provided by the act of 1908, grants to members in distress, etc., but such additional benefits may not include a funeral benefit.

These additional benefits are to be paid when the periodical valuation of a society shows the presence of a surplus. Because of war conditions, it was not feasible to make such an actuarial valuation until the arrival of peace.

SOURCES OF INCOME.

The funds of the insurance system are derived from three sources: (1) The contributions of the insured person; (2) the contributions of the employer; (3) grants from the national treasury.

Contributions.—The so-called "employed rate" is as follows: The contributions for men are 10 pence (20.3 cents, par) weekly; for women, 9 pence (18.3 cents, par) weekly. This is divided as follows: The man pays 5 pence (10.1 cents, par), the employer 5 pence; the woman pays 4 pence (8.1 cents, par), the employer 5 pence. These rates, it will be noted, are "flat" rates, being uniform for the whole class of "employed contributors."

"Employed contributors" form the great majority of the insured persons, but there are special groups of so-called "low-wage earners" for whom special provision is made.

Arrears.—Arrears due to sickness or disablement and, in the case of woman members, due to maternity, are disregarded in making up the accounts. The general principle is that any loss which a society suffers by the nonpayment of a member's dues in one year shall be made good to the society by the reduction of his benefits in the following year. The arrears of one year are canceled in the next year, even if no benefit is claimed, so that the member in arrears makes, as it were, a fresh start each year.

FINANCIAL ADMINISTRATION.

The finances of the system are based on a plan of level premiums; that is, the contributions are uniform for all ages regardless of the higher sickness and disablement rates in the older age groups. As this plan provides both sickness and validity insurance, the accumulation of a reserve is necessary. This combination makes the plan extremely involved.

The weekly dues of 5 pence (10.1 cents, par) for men and 4 pence (8.1 cents, par) for women are paid by deductions from wages; the employer adds 5 pence to each of these amounts and affixes special stamps of the proper value to the card of the employee on the dates when wages are paid. The stamps are purchased from the post office, which deposits the receipts in the national health insurance fund. From this fund the money is drawn for the payment of benefits and for expenses of administration.

The portion of the expense defrayed by the National Government was, at the start, two-ninths of the cost of benefits and of administration for the men, and one-fourth of these expenditures for the women. At present it is two-ninths for men and women alike.

The cost of administration in the societies may not exceed 41 pence (83.1 cents, par) per member annually. If there is a deficiency in the administration account, an assessment must be levied on the members.

The rates of dues and the schedule of benefits of the system were computed on the basis of being self-sustaining for a person who entered the insurance at the age of 16; but for a person who entered at a later age the contributions were not considered to be sufficient to provide the benefits. The system thus began with a liability which was estimated as being £87,000,000 ($423,385,500, par). To cover this amount each person entering the insurance has credited to him a theoretical credit—called a "reserve value." At the start this amount was to be made up by setting aside as a sinking fund a portion of the weekly dues of each contributor, as follows: For the men, $1\frac{1}{6}$ pence (2.4 cents, par); for the women, $1\frac{1}{2}$ pence (3 cents, par). By the act of 1918 the deduction in the case of women was made $1\frac{5}{9}$ pence (3.2 cents, par). It was originally estimated that these deductions would cancel the "reserve values" at the end of a period of about 18 years; it is now believed that this period will be somewhat longer than that.

A special committee appointed in 1916 to make a study of the finances of the system reported that the funds available for women's

benefits were inadequate, and recommended that part of the deductions just described should be devoted to current expenses. The 1918 law provided (sec. 1) that part of the sums should be applied to the accumulation of two special funds—the central fund and the contingencies fund. The central fund is to receive one-eighth and the contingencies fund seven-eighths of a sum representing in the case of men two-thirds of a penny (1.4 cents, par) and in the case of women one-half of a penny (1 cent, par) for each weekly contribution paid in respect of a member of a society.

The central fund is intended to meet any deficit arising out of an abnormal rate of sickness. It receives in addition to the above-mentioned sum, and the interest which has accumulated on it, a sum of £150,000 ($729,975, par) annually from Parliament.

In general it may be said that the purpose of the contingencies fund is to meet any deficit which appears when an actuarial valuation is made; however, the amounts apportioned to any one society belong to the credit of that society only and may not be used to meet a deficit in any other society.

Besides these two funds, the 1918 act also creates a women's equalization fund, to be used in assisting societies in meeting their liabilities arising out of the sickness claims of women. It is distributed to the societies pro rata on the basis of the number of married woman members. In general it may be said that this fund is to meet the disabilities due to childbearing.

GENERAL ADMINISTRATION.

Ministry of Health.—The Ministry of Health act of June 3, 1919, made a number of important changes in the administration of the insurance system. This act, as far as it applies to health insurance, came into force July 1, 1919, and other powers are being added to it from time to time. The powers and duties of the new ministry include the supervision and administration of the entire insurance system.

National Health Insurance Joint Committee.—Prior to June, 1919, the system was in charge of four bodies known as insurance commissioners, there being one each for England, Scotland, Wales, and Ireland. Over these four boards was an organization composed of representatives of each, called the National Health Insurance Joint Committee, a federated body whose principal function was to take charge of all matters common to the four boards, especially the actuarial problems.

By the terms of the Ministry of Health act, the joint committee is composed of the Minister of Health as chairman, the secretary for Scotland, the chief secretary for Ireland, and one other person appointed by the minister to represent the Welsh insurance system. Except for this change of personnel, the previous constitution of the joint committee and its rights and duties are unchanged. All of the powers and duties formerly belonging to two of these bodies, the insurance commissioners for England and the insurance commissioners for Wales, are henceforth to be exercised by the Ministry of Health, and all their employees are transferred to the new ministry.

The most important work carried on by the joint committee is that relating to the actuarial features of the insurance; this includes, for instance, the calculation of the rates of contributions, reserve values, etc. An actuarial advisory committee has aided the joint committee since the commencement of the act.

Until the passage of the Ministry of Health act, there was attached to the joint committee a special committee on medical research, to make special investigations on matters relating to any disease to which the insured persons are subject. The expense of these investigations is provided for by special appropriations by Parliament, the amount of 1 penny (2 cents, par) per insured person being granted. In the future this research committee is to be entirely independent of the insurance system.

Insurance commissioners.—In the future, the administration will be divided into three parts, one for England and Wales and one each for Scotland and Ireland.

The former insurance commissioners are now the insurance department of the Ministry of Health, and may be used as typical in describing the scope and organization of these bodies. The ministry may appoint such officers, inspectors, and other employees as they see fit, subject to certain supervision of the treasury authorities; they may sue and be sued and hold property. They have authority to issue regulations authorized by the insurance laws; they approve the statutes and supervise the administration of the approved societies.

The ministry have an advisory committee to give advice and assistance in making regulations for the administration of the laws; this committee consists of representatives of the employers, of the approved societies, and of the medical profession, and of such other persons as the ministry may appoint, of whom at least two must be women.

Approved societies.—When the plans for the health insurance system were formulated, the United Kingdom was covered by a network of friendly societies, trade-unions, commercial insurance companies, sick clubs, establishment funds, and similar voluntary organizations which provided a variety of benefits for sickness, accidental injury, superannuation, etc. Many of these organizations had a long history of usefulness in providing relief for distress from these causes, and it was decided to use the societies as the carriers of the pecuniary benefits. The insurance laws therefore provide that the insured persons shall group themselves into self-governing bodies—the organizations just named—which shall be responsible for the administration to their members of the pecuniary benefits provided by the system. These societies, if they meet the requirements of the law, are recognized by the insurance commissioners as "approved societies." The general requirements are that the society shall be self-governing, not conducted for profit, and generally be in a position to carry out the provisions of the law. In order to permit any organization to continue such activities as are not covered by the law, the societies may have a special section for administering the provisions of the insurance acts, whose accounts must be kept separate from other activities. Special arrangements are made for federating societies whose membership is not large enough to provide an adequate basis to carry the risks of an influenza epidemic

or similar tax on their resources. These societies were required to enact by-laws which were submitted to the commissioners for approval and which complied with the general scheme of administration. They could accept such members as they saw fit, except that they could not reject an applicant solely on account of age.

A person may not be a member of more than one society for the purpose of State insurance.

The principal functions of the approved societies are the payment of cash benefits, the keeping of records of the members, and the supervision of beneficiaries.

Insurance committees.—For each county and county borough of the United Kingdom there is a body called an insurance committee, which has charge of the medical and (formerly) sanatorium benefits. The members of these committees in England and Wales are appointed by the Ministry of Health. The committees must be composed of not less than 40 nor more than 80 members, consisting of representatives of the insured persons, of the county government, and of the medical profession, and other persons appointed by the Ministry of Health.

Each committee must make such arrangements with duly qualified medical practitioners in the county as will assure to the insured persons adequate medical attendance and treatment. The committee prepares a list of doctors who are willing to attend insured persons, and this list, called the "panel," must be duly published. Usually it is displayed in each post office as well as distributed among the insured persons. Each of the latter may select from the panel the doctor whom he desires for his physician.

The committee must also prepare and publish lists of persons or firms who are willing to supply drugs, medicines, and appliances to insured persons in accordance with regulations made by the authorities. The committee must make in advance an agreement with the druggists ("chemists") as to the schedule of prices for drugs, etc., subject to the approval of the authorities.

The administration of the sanatorium benefit was originally in the hands of the committees entirely; later, special grants were made by Parliament to various local organizations engaged in combating tuberculosis; but since the enactment of the Ministry of Health law, all this work has been placed in charge of the ministry, and under the act of 1920 was removed from the insurance system and placed under a special health-service system of the Ministry of Health.

DEPOSIT CONTRIBUTORS' FUND.

As the societies could reject an applicant for any reason except age, it was expected that there would be a number of persons who, on account of ill health or other reason, could not obtain membership. For this group a special organization, "the deposit contributors' fund" (originally called the post-office fund), was created. It was expected that this fund would have close to a million members, but at the close of the year 1919 the number was estimated to be 450,000.

The deposit contributors are entitled to such benefits as the sum to their credit will provide. They may, for instance, draw sickness

benefit only until they have exhausted the amount standing to their credit. Such contributors are in a distinctly less favorable position than the regular contributors.

PERSONS INCLUDED.

COMPULSORY INSURANCE.

The fundamental rule is that every person, man or woman, who is engaged in manual employment in the United Kingdom under any contract of service or apprenticeship, or in nonmanual employment and earning less than £250 ($1,217, par) annually, is included within the terms of the insurance as a compulsory member—usually referred to as an "employed contributor."

Under the act of 1911 the limit of remuneration was £160 ($779, par); because of the increase of wages during and following the war the act of 1919 raised the exemption limit in order to prevent the loss of the insurance rights of persons who desired to continue their insurance.

By far the greatest number of persons included in the insurance have become members of one of the "approved societies" which administer the pecuniary benefits. The official Handbook of Approved Societies (August, 1915, and Supplement, 1918) thus describes the groups of persons eligible for membership in these societies:

1. Persons in employment by way of manual labor.
2. Persons in any employment at a rate of remuneration not exceeding in value £250 [$1,217, par] a year.
3. Persons engaged in some regular occupation and wholly or mainly dependent for their livelihood on the earnings derived from that occupation, and who have a total income, including earnings, of not exceeding £250 a year. [The act of 1918 provided that no new admissions to this group should be made after July 1, 1918.]
4. One who has been an insured person for two years or more.
5. One who has been an employed contributor and, being of the age of 60 or upward, who shows to the satisfaction of the insurance commissioners that he or she has ceased to be insurable as an employed contributor.

One of the difficulties experienced in the administration of the original act arose from the large number of classes of membership provided for; under the 1911 act there were 23 classes. This was reduced somewhat by the 1913 act and finally the 1918 act brought the number down to 8. As there are also two classes of deposit contributors, the total number of membership classes is now 10. The names and symbols used in designating the 8 classes are as follows:

CLASSES OF MEMBERS, 1918.

A.—Men employed contributors.
A (M).—Men employed on foreign trade ships.
B.—Men in Navy, Army, or air forces.
C.—Men voluntary contributors.
E.—Women employed contributors.
E (M).—Women employed on foreign trade ships.
F.—Women voluntary contributors.
K.—Women entitled to special benefits on or after marriage.

To this schedule should be added those persons, men and women, who do not become members of approved societies and who join the so-called deposit contributors' fund.

If a question arises as to whether an employment or a person is included within the insurance, the matter is to be decided by the minister, with the right of appeal to a judge of the high court selected to hear such cases, whose decision is final. As such a hearing involves an elaborate procedure, efforts are usually made to decide the matter without recourse to the courts. That these efforts have met with considerable success is shown by the fact that in the years 1917 to 1919, inclusive, only two cases were appealed to the courts.

VOLUNTARY INSURANCE.

When the plan of the British system was prepared, it was considered necessary to justify the State contribution to those who were compulsorily insured, by offering an equal grant to the same economic group of the population to whom the compulsory feature did not apply because it chanced that they were working on their own account instead of being in the service of some employer. Accordingly a plan of voluntary insurance was prepared for the benefit of persons who were engaged in some regular occupation on which they were wholly or mainly dependent and from which they derived an income not greater than that of the persons required to insure. The plan devised and adopted in the act of 1911 was rather complicated and demanded a large amount of administrative labor to carry it out. The number of persons who took advantage of this opportunity proved to be much smaller than had been expected. The departmental committee which reported in 1916 found that there were only 28,000 persons at that time who had taken advantage of the opportunity in the four years that it had been open. After considering the various aspects of the problem, the committee recommended that the class of voluntary contributors be discontinued, mainly on account of the high cost of administration, but partly because of the small numbers who had accepted the offer. The act of 1918 adopted the recommendations of the committee by abolishing voluntary insurance, but leaving it open to those who had been insured as voluntary contributors at the time and to those described in the next paragraph.

At the present time the right to voluntary insurance is restricted to persons who have been compulsory members in full standing, but who have ceased to be included within the groups covered by the compulsory provisions, but not including married women, for the reason stated below. Section 7 of the act of 1918 provides that those persons who had been employed contributors for 104 weeks, that is, who had reached the status of full benefits, should thereafter have the right to voluntary insurance. Voluntary insurance at the present time is intended merely to protect the interests of persons who have been employed contributors and who pass to a noninsurable status. It was pointed out that poor health was very frequently the reason for a person leaving employment and setting up in business in a small way for himself; it would therefore be an injustice to such persons to abolish voluntary insurance altogether, as many society officials had urged.

Women employed contributors who give up employment on marriage may not continue as voluntary contributors. This exclusion was adopted on the advice of the friendly societies, who pointed out that supervision in such cases was practically impossible, that the

test of ability to work could hardly be applied and that the sickness rate of married women was known to be high. A married woman in employment is, of course, not affected by this ruling.

DEPOSIT CONTRIBUTORS.

Persons who are in poor health and clearly substandard risks for any insurance system were provided for by organizing the deposit contributors' fund, into which they are admitted on application. The societies which act as carriers of the insurance have aided materially in settling this question by waiving any right to medical examination, so that the person in poor health has had practically no difficulty in securing admission to a society.

In the future new entrants will, as a rule, come into insurance at the age of 16, when poor health or serious disease is least frequent, and the problem will be one of diminishing importance.

DEPENDENTS OF INSURED PERSONS.

The only member (not insured) of the family of an insured man who is entitled to benefit at present is the wife of an employed contributor, who receives maternity benefit. If after a valuation a society is shown to have a surplus over the capital sum necessary to provide the statutory (or minimum) benefits, then certain specified benefits may be provided for the dependents of an insured person.

PERSONS GRANTED EXEMPTION FROM COMPULSORY INSURANCE.

Ordinarily a person subject to the compulsory provisions of the law must become a member either of an approved society or of the deposit contributors' fund. On application, however, a person may be granted a certificate of exemption from insurance. At present this certificate may be issued on any one of four grounds:

1. That the applicant is in receipt of income or pension of the annual value of £26 ($126.53 par) or upward, not dependent upon his personal exertions.
2. That he is ordinarily and mainly dependent for his livelihood upon some other person.
3. That he is ordinarily and mainly dependent for his livelihood on the earnings derived by him from an occupation which is not employment within the meaning of the insurance acts.
4. That he is intermittently employed.

The first three of the foregoing grounds for exemption can be determined from the personal history of the applicant. The question of intermittent employment is now defined by regulations issued under authority of section 8 of the 1918 act; the applicant must now prove that he has been employed less than 13 weeks in each of two successive contribution years.

INDUSTRIES AND EMPLOYMENTS INCLUDED.

The industries and occupations subject to compulsory insurance can be stated in brief form. The general rule is that the law covers all those occupations where there is a contract of service, first, if the occupation is manual, regardless of the amount of remuneration, and, second, if the occupation is nonmanual, if the remuneration is less than £250 ($1,217, par) annually. This includes agriculture,

forestry, quarrying, mining, manufacturing, commerce, transportation by land and water, banking, insurance, building trades, "outworkers," domestic service, etc. Persons employed in the navy, army, and air forces are also included, as are the civil employees of the various Government offices (if they are not otherwise insured).

There is a long list of exceptions to this general statement of the occupations covered; most of these exceptions relate to employments in which equivalent benefits are provided under some other arrangement. Thus employment by the Crown, by a local authority, by a railway company where equal provision in case of sickness or disablement is made, are exempt employments. Similarly, casual employment otherwise than for the purposes of the employer's trade or business and subsidiary employment which is not the principal means of livelihood are exempt. This brief summary is not complete, but it serves to show the basis on which employments are excluded from the insurance.

DISABILITY PROVIDED FOR.

The purpose of the insurance is, first, to restore the insured person to health if possible, and, second, to afford some measure of pecuniary relief for the loss of wages. According to the phraseology of the law, its benefits are to be provided for inability to work, due to some specific disease or bodily or mental disablement. The law recognizes two types of disability: First, temporary disability lasting not more than 26 weeks, and, second, prolonged disability, or invalidity, continuing after the 26 weeks' period just referred to and covering a lifetime if necessary. The system is therefore a combined sickness and invalidity insurance organization.

For the women included among the insured persons, pecuniary benefit is paid for inability to work on account of childbearing; this includes benefit during both pregnancy and confinement. This benefit is also provided for the uninsured wife of an insured man.

As sickness and disablement benefits are paid for inability to work, they must be paid for accident cases as well as illness. When the injured person has a claim for compensation or for damages the society has the right to recover the amounts it advances from the person liable for compensation or damages. The laws carefully prescribe the procedure to be followed in such cases. It will be recalled that the British workmen's compensation act also includes certain occupational diseases, thus relieving the health insurance system of this burden. Judicial decisions have established the right of the approved society to bring action, in the name of the injured person, to recover compensation or damages.

The disability due to sickness caused by misconduct, especially disobedience of rules, is not ground for receiving any pecuniary benefit, though medical and sanatorium benefit must be provided. Prior to the enactment of the act of 1918, the societies could exclude persons from pecuniary benefit in the case of venereal disease, on the ground of misconduct. Under section 46 of the 1918 act, the executive body of a society was authorized to make amendments to the society's rules, specifically providing for such payment pending its adoption by the society. The first report of the Ministry of Health states that such action was generally taken by the societies.

An unmarried woman may not be refused sickness or disablement benefit on the ground that disability due to pregnancy was caused by misconduct (act of 1918, section 12–3). The welfare of the child is of course the reason for this provision.

BENEFITS.

The benefits provided by the system are the following:

1. Medical benefit.
2. Sanatorium benefit (transferred to other authorities during 1921).
3. Sickness benefit.
4. Disablement benefit.
5. Maternity benefit.
6. Additional benefits.

These benefits are listed in the order in which they appear in the law. They provide first for medical aid for the return to health of the insured person if possible, a pecuniary benefit to replace in a measure the wage loss, the grant of a sum of money on the occasion of childbirth and, if the financial status of the carrier will permit, an extension of these benefits. There is no funeral benefit, such as most compulsory systems of health insurance provide.

The benefits are described in the order here given.

MEDICAL BENEFIT.

The medical benefit, in brief, consists of the provision of doctor's services and of medicines, appliances, etc. As in any given area there would probably be a large number of approved societies administering the pecuniary benefits, it was necessary to create a special body to provide and supervise the medical benefit. This organization is called the "insurance committee," and all features of this benefit, including such as may be provided under "additional" benefits, must be administered by and through this committee. As a rule a committee is appointed for each county and county borough; if the Ministry of Health so orders, certain committees may be combined.

Qualifications.—A person is qualified for medical benefit as soon as he becomes a member; there is no waiting period and the law makes no mention of any specific number of contributions to be paid, though a person of 65 or over on entering must have 26 contributions to his credit before he is entitled to this benefit. Under the 1920 act, the minister is authorized to make regulations under which the funds of approved societies will be debited with such a sum as represents the estimated cost of medical benefit in respect of each member who attains the age of 70. The fact that a member's contributions are in arrears does not affect his right to medical benefit; as long as he remains in insurance, the benefit must be provided.

General arrangements for medical service.—The insurance committee, after consultation with the local medical committee and the panel committee, must prepare and publish a statement of the terms upon which doctors are to furnish medical service; all such statements must have the approval of the minister and must conform to the general regulations issued by him. The insurance committee must likewise publish a "medical list" (i. e., the "panel")

containing the names of the physicians who have accepted service, as well as their residence and office addresses, office hours, etc. This list must be made available for insured persons in a convenient manner, and copies must be furnished to the panel and to the pharmaceutical committees, as well as to the parties furnishing drugs, medicines, etc.

If the minister is satisfied that the insured persons in any area are not receiving satisfactory medical treatment under the panel system, he may authorize the insurance committee to make such other arrangements as will secure better service, with due regard to the funds available. He may also allow the insured persons in such cases to make their own arrangements.

Rather elaborate arrangements are provided under the medical benefit regulations to permit certain insured persons to provide their own medical service, and a slight reduction in the contribution is allowed in such cases. As these cases are exceptional, it is only necessary to state that an account of the arrangements will be found in the fourth schedule of the Medical Benefit Regulations of 1920. The act of 1920 provides that no voluntary contributor whose income exceeds £250 ($1,217, par) may have medical benefit; in addition, the insurance committee may exclude those insured persons whose income exceeds a specified limit.

Allocation.—Each insured person is supplied with a "medical card," which must be used for purposes of identification whenever he applies for treatment. From the "medical list" he selects the physician by whom he wishes to be treated and either brings or sends the card to the doctor's office for acceptance; the latter of course may decline to accept the applicant, in which case he either selects another doctor or, if he fails to do this, is assigned to another.

The insurance committee and the panel committee must jointly draw up a plan for the allocation of insured persons among the doctors on the panel. It has been found that a large number of insured persons have no special preference for a particular doctor and are entirely willing to have their medical adviser assigned. The plan just referred to must also provide for other details of medical service, the feature most often referred to being the limitation of the number of insured persons on the list of one physician. The 1920 regulations restrict the number of names on the list of a doctor who practices without an assistant or partner to 3,000, though it frequently occurs that many more than this number of persons apply to one doctor for acceptance. The plan must make provisions for distributing the excess, either by removing names or by securing an assistant or partner for the practitioner.

The insurance committee and the panel committee are required to agree to a limit for each area, subject to this maximum of 3,000, and in one-third of the areas the maximum is fixed at 2,500; in some areas it is 2,000. These large lists, however, are not at all general, as may be seen from the fact that on January 1, 1921, about 34 per cent of the doctors had less than 600 persons on their lists; another 30 per cent had between 600 and 1,200; about 22 per cent had between 1,200 and 2,000; and only 14 per cent had above 2,000. The number of practitioners with 3,000 names or more on their lists was less than 300.[1] The number of names on a list, of course, should be care-

[1] Second annual report of the Ministry of Health, 1920-21. Cmd. 1446. P. 43.

fully distinguished from the number of patients given treatment. It is estimated that about 60 per cent of the insured persons apply for treatment each year.

If an insured person so desires, he may change his doctor on the last day of June or of December in any year by giving notice in writing to the insurance committee; the change may also be made by mutual agreement between the insured person and the doctor who has been treating him, in which case the change must be reported to the insurance committee by the new doctor within seven days. As there is a large amount of clerical work involved in the listing of these changes, the aim of the insurance committee is to discourage them as much as possible.

Drugs and appliances.—The insurance committee proceeds in a similar manner in regard to the supply of drugs, medicines, appliances, etc. After consulting with the local pharmaceutical committee, the insurance committee prepares and publishes a list of persons or firms, also with the approval of, and under the regulations prescribed by, the minister. This list must be made available to the various committees affected, to the panel doctors, and to the insured persons. Arrangements must be made to have one or more places of supply open at all reasonable times, and where such a place is not reasonably accessible, arrangements must be made to have a panel doctor furnish medicines, etc.

The minister is required to prepare a list of drugs, etc., called the "drug tariff," which gives the prices at which articles are ordinarily to be supplied by the pharmacists. The prices must be varied from time to time to meet changes that may occur. The drug tariff includes the medicines, etc., usually called for by the doctors and specifies the method by which the prices of unusual drugs are to be ascertained.

Besides the drug tariff, the minister specifies the appliances which must be supplied. As given in the second schedule of the 1920 Medical Benefit Regulations, the "list of appliances" is as follows:

LIST OF APPLIANCES.

Adhesive plaster.
Bandages, rolled:
- Calico.
- Crêpe.
- Domette.
- Elastic-web.
- Flannel.
- India-rubber.
- Muslin.
- Open-wove.
- Plaster of Paris.

Catheters:
- Gum-elastic.
- Soft rubber.

Cotton wools, absorbent:
- Boric.
- Sal-alembroth.
- Unmedicated.

Gauzes:
- Boric.
- Carbolic.
- Double cyanide.
- Iodoform.
- Picric.
- Sal-alembroth.

Gauzes—Concluded.
- Sublimate.
- Unmedicated.

Gauze and cotton wool tissue.
Ice bags:
- Check sheeting.
- India-rubber.

Lints:
- Boric.
- Sal-alembroth.
- Unmedicated.

Protectives:
- Gutta-percha tissue.
- Jaconet.
- Oiled cambric.
- Oiled paper.
- Oiled silk.

Splints.
Suspensory bandages:
- Cotton.

Tows:
- Carbolized.
- Unmedicated.

Wood wool.

The 1920–21 report of the Ministry of Health refers (p. 41) to the criticism sometimes made, that the insured persons do not get the "proper and sufficient medicines" to which they are entitled because the doctors, it is said, hesitate to prescribe expensive medicines which they think necessary, since the regulations penalize doctors for excessive prescribing. The answer made to this criticism is that no doctor can be penalized in any way for prescribing particular drugs or appliances unless it be found after an investigation "that by reason of the character or quantity of the drugs or appliances so ordered or supplied, the cost is in excess of what may reasonably be necessary for the adequate treatment" of the insured person. This provision is necessary as otherwise doctors could prescribe medicines at public cost without any restriction whatever. The body to which is intrusted the duty of investigating these questions of prescription is the panel committee of the area, consisting entirely of medical practitioners; it is intrusted with the duty not only of investigating the facts, but also of recommending the amount, if any, to be assessed against the doctor, in any case brought before the committee. This method was adopted at the request of the doctors themselves, who have undertaken that the work shall be fairly performed.

Kind of treatment provided.—The treatment which a practitioner is required to give to his patients comprises such treatment as is of a kind which can, consistently with the best interests of the patient, be properly undertaken by a general practitioner of ordinary professional competence and skill. When necessary he shall indicate to the patient how special or unusual service may be secured. The practitioner must have proper and sufficient surgery and waiting room accommodation for his patients, and must have regular days and hours of consultation. He is required to visit and treat a patient whose condition so requires, at any place where the patient may be, if it is within the district previously agreed upon with the insurance committee. The practitioner must fill out such prescriptions as are necessary, on the forms provided for the purpose, though under certain circumstances he must provide drugs or appliances himself, especially in emergency cases. He must also fill out the medical certificates for his patients, and must keep such records of the diseases of his patients and of the treatment prescribed as the Ministry of Health may require. A practitioner may not demand from an insured person on his list any fee for the service or for any drug he is expected to provide.

The law specifically excludes the provision of medical benefit in respect of a confinement.

Certification.—The insured person who is incapable of work by reason of some specific disease or bodily or mental disablement must be given a certificate to that effect by the panel doctor. These certificates are made out on blank forms supplied by the insurance committee for this purpose and no other kind of certificate is permitted. They are of three kinds: The first certificate, given when the incapacity is first determined; the second or intermediate certificate, given after eight days of incapacity have passed, with renewals week by week during incapacity; and the final certificate, given when the patient is able to resume work. The certificate must be dated, must state the cause of the incapacity, and must be signed by the doctor personally. These certificates must be presented by

the insured person to his society when he submits a claim for the pecuniary benefits.

In addition to the certificates above mentioned, several special forms are used, but in the main these three are all that are used in the great majority of cases. As this feature is of considerable importance, the forms used are given below, being reproduced from Statutory Rules and Orders, 1921, No. 1780, dated November 22, 1921.

Forms of Certificate.

FIRST CERTIFICATE OF INCAPACITY FOR WORK.

To.....

I hereby certify that I have examined you on the undermentioned date, and that in my opinion you were at the time of examination incapable of work by reason of *.....

.....

†You should come to see me again on ..... day next.

Doctor's signature.....

‡*Date of examination*.....

‡*Date of signing*.....

Any other remarks by doctor.....

INTERMEDIATE CERTIFICATE.

To.....

I hereby certify that I have examined you on the undermentioned date, and that in my opinion you have remained incapable of work up to and including that date by reason of *.....

.....

†You should come to see me again on ..... day next.

Doctor's signature.....

‡*Date of examination*.....

‡*Date of signing*.....

Any other remarks by doctor.....

FINAL CERTIFICATE.

To.....

I hereby certify that I have this day examined you, and that in my opinion you have remained incapable of work up to and including *to-day* by reason of *.....

.....

and are fit to resume work after to-day.

Doctor's signature.....

Date of signing.....

Any other remarks by doctor.....

SANATORIUM BENEFIT.

Prior to 1921.—The benefit before 1921 was administered by the insurance committees, who were required to make arrangements to provide insured persons suffering from tuberculosis or "any other such disease" with treatment in a sanatorium or a similar institution. These arrangements could be made with any persons or with any local authorities (except poor-law authorities) having the manage-

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* Here insert the name of the specific disease or bodily or mental disablement which renders the insured person incapable of work.

† To be filled up at doctor's discretion, where not obligatory under rules.

‡ These dates should ordinarily coincide, and both lines may in that case be bracketed together and the one date inserted.

ment of such institutions, which must have received the approval of the Ministry of Health. Authority was expressly conferred on local authorities to make such contracts with insurance committees. As a matter of fact, the benefit has been restricted to cases of tuberculosis.

To secure this benefit, a member had to be recommended for treatment by the insurance committee. The number of beds available in sanatoriums has always been insufficient and the purpose of requiring the assent of the committee was to use the facilities first for cases where there was prospect of recovery and then for other cases.

A member became qualified for benefit just as soon as he was insured (without any waiting period) and the right to benefit did not cease at the age of 70.

After 1921.—Under the provisions of the act of 1920, the sanatorium benefit is removed from the insurance system, though domiciliary treatment for tuberculosis is continued. According to the law approved May 12, 1921, entitled "Public health (tuberculosis) act, 1921" (11 and 12, Geo. V, ch. 12), this feature is to be a cooperative service jointly with the local authorities. The subtitle of the measure reads "An act to make further provision with respect to arrangements by local authorities for the treatment of tuberculosis." Under the terms of the act, where the council of any county or of any county borough has made arrangements for the treatment of persons suffering from tuberculosis, including persons insured under the insurance acts, these arrangements are to be considered adequate and are to continue to receive the parliamentary grant in aid for that purpose. But where any such council fails to make adequate arrangements for the treatment of tuberculosis at or in dispensaries, sanatoriums, or other institutions approved by the Minister of Health, then the minister may make such arrangements as he may consider necessary for this purpose, though the council must first have an opportunity to be heard. In instituting such arrangements any expense incurred by the minister may be paid in the first instance out of moneys appropriated by Parliament; on demand the council shall later repay these expenditures, which are specifically stated to be recoverable as a debt due the Crown.

The act also definitely authorizes the local authorities to include "aftercare" in the arrangements for the treatment of tuberculosis cases.

The powers of the local councils may be exercised by a committee of its members, and this committee or subcommittee may include persons, such as members of insurance committees, who are qualified by training and experience in matters relating to the treatment of tuberculosis. At least two-thirds of such a committee or subcommittee must be members of the council.

The expenses of the county councils incurred under the act are to be treated as expenses for general county purposes. Several county councils may form joint committees under the supervision of the Minister of Health in order to cooperate in this field.

The change in the administration of this benefit occurred on May 1, 1921. As stated above, a part of the tuberculosis treatment still remains under the insurance authorities; if the insured person can be given treatment in his home (domiciliary treatment), it is provided by the insurance practitioner under agreements made

between the latter and the particular insurance committee, because section 4(3) of the act of 1920 specifically includes in the medical benefit such attendance and treatment for tuberculosis. The cost of the service is defrayed by allotting an amount equal to that portion of the sanatorium benefit fund which was previously devoted to the remuneration of those practitioners for the domiciliary treatment of tuberculosis. The essential change is in regard to the provision of institutional treatment. Under the revised scheme of contributions instituted by the act of 1920, insured persons and their employers no longer contribute toward the cost of this treatment, and the insurance committees no longer have the duty of making arrangements for the institutional treatment of insured persons suffering from tuberculosis. The county and county borough councils will provide institutional treatment for insured persons direct, as well as for noninsured persons. Special measures have been taken to provide for close cooperation between the insurance practitioners and the tuberculosis officers of the councils; provision has also been made to enable the councils to supply extra nourishment to tuberculous persons (insured and noninsured) in their homes, in continuation of the service previously provided by the insurance committees.

In Wales, the provision for tuberculosis treatment is to be continued in cooperation with institutions conducted by the King Edward VII Welsh National Memorial Association. The act does not apply to Scotland or Ireland. In Ireland the sanatorium benefit is to be continued. In Scotland the Scottish Board of Health, by Statutory Rules and Orders, 1920, No. 2181–S.108, terminated the sanatorium benefit on January 1, 1921, and transferred the care of tuberculosis patients in institutions to the local authorities, together with such surplus funds, records, etc., as belonged to this work.

The reasons for the removal of the sanatorium benefit from the insurance system were set forth by the Minister of Health at the time of the discussion of the act of 1920. According to the minister, there has not been a failure to secure results under the insurance benefit, but in order to secure effective results for the whole population there is needed a more comprehensive plan of attack than is possible under an insurance system. In the House of Commons Debates for May, 1920, page 221, occurs the following discussion, led by Doctor Addison, the Minister of Health:

> Doctor ADDISON. The purpose of taking sanatorium treatment out of the bill is because we contemplate a health service which will make use of all the general health services which are assisting in the treatment of tuberculosis in one form or another, including a considerable amount of work done in respect of tuberculosis in, say, poor-law infirmaries. Any improved health system must be sufficiently comprehensive; and as experience has gone on we see more and more that you have to have a considerable organization and set up a service beyond the sanatorium and before it. There is, for example, the tuberculosis dispensary which is provided and maintained by the various local authorities. Then sanatoriums have, with few exceptions, been provided by the great local authorities—the county councils, etc.—and these, with few exceptions, have made arrangements for the reception of their cases into the institutions.
>
> We have found more and more as the result of the war that a great deal of the expenditure incurred in sending people to sanatoriums was wasted. A large percentage went back to their trades, which perhaps imposed heavy burdens beyond their powers; the result was they relapsed, and came again into the hands of the insurance committees. In some districts a very large percentage have relapsed. It is clear that a good deal

of this money has been wasted. This is true if we contemplate, at all events, the large number of patients who have gone back again into their ordinary life and their previous occupations. Many live in unsuitable homes, and work at occupations which put a great strain upon them. At the end of last year we obtained grants from the treasury to enable the authorities to provide apparatus and workshops, and the rest of it for training purposes as an adjunct to the sanatorium treatment, because a great many of these cases can not expect to be able again to follow their former occupations; they can not stand the stress of industrial competition, at least for some years. Whilst there are the sanatoriums we have also provided opportunities for training in alternative occupations.

This is a very important ingredient in the treatment, because when a large number of patients have been in the sanatoriums for some time, they want to go home, because, as they say, "they have got fed up." One of the reasons is that they have had no occupation sufficient to interest them. Where you have a well-developed and properly arranged training system established, it is of enormous benefit in its effect, and more than that. Where you can have a system whereby men who live in decent conditions can pursue an alternative occupation, as they are doing in two or three places now very successfully, in a colony village, there you can get a large percentage of cases as permanently cured. They help, too, to contribute to their own maintenance. This applies especially to a number of ex-service men who are now under treatment and training in this form. It is perfectly clear you can not deal with this question unless you have an authority competent to deal with the whole lot of it. It is a mistake, I may say in passing, to divide responsibility. Whatever authority you may set up—and we are working at it now—it will have to be an authority that will take over the charge of the different parts of the health service, certainly including that now ordinarily conducted, for the most part, under the poor law.

A further point here is that members of the insurance committees have gathered, as we know, a great mass of experience, and any committee or authority which administers these services will have to call to its aid a number of expert persons from outside, and to be able to coopt a certain number of persons. We apply that principle in the housing bill, and we shall certainly have to apply it in respect to the health services. It is a perfectly reasonable thing that when that time comes we should provide that members of insurance committees shall be specially nominated and coopted. However that may be, I accept the principle of securing cooptation on the insurance committees.

Sir JOHN BUTCHER. I take it this will be a mandatory duty under the new body. It will not be optional?

Doctor ADDISON. I can not at present give the precise form, but we shall provide for the committees acting upon the principle of cooptation. I would not pledge myself to the words to be proposed hereafter; but the principle I accept. It will be effectively secured in some way. The insurance committees will have a great deal to do besides this. The administration of the medical benefit will form a very large proportion of the work. There is no question at all of insurance committees going out of existence. It is clear that to transfer this obligation of the societies to the local authorities we shall require further legislation—which is already in draft; but it is also clear—and this I should like to say here and now—that that legislation must involve that the local authorities should not be losers by this transference of responsibility.

Finances of the sanatorium benefit.—Under the 1911 act the insurance committees, under the supervision of the commissioners, handled all the funds of the sanatorium benefit; later a system of special grants for tuberculosis aid was made by Parliament to the local authorities and in 1919 the Ministry of Health law placed all State sanatorium work for tuberculosis in the control of that office. Under the 1911 act the insurance committees were provided annually with 15 pence (30.5 cents, par) for each insured person in their area out of the benefit moneys of the societies, to which was added 1 penny (2 cents, par) out of funds provided by Parliament. Later the treasury grants were increased and given to the local authorities for all tuberculosis cases, including the insured persons (the Hobhouse grants). In 1920, therefore, the Ministry of Health had available for sanatorium benefit of insured persons the 15 pence

from the national health insurance fund, a grant from the national treasury, and a grant from the local authorities in each area.

The third report on the insurance system, for 1914–1917, stated that up to the end of the year 1917, in 32 out of the 49 counties (excluding London) and in 55 out of the 78 county boroughs of England, comprehensive agreements were in force between insurance committees and the local authorities, under which were provided treatment in approved institutions (residential treatment) and the services of a dispensary organization for persons in their homes, the latter including dispensary treatment, the services of a tuberculosis health officer for examining and reporting on cases, for giving expert advice as to treatment, etc. Many of the agreements also provided for the services of a visiting nurse. Progress has been made in providing institutional facilities in spite of the difficulties which were caused by the war; thus in England in 1914 the number of approved dispensaries was 255 and the number of beds in approved residential institutions was 9,200; in August, 1917, the dispensaries numbered 370 and the beds 11,700. The progress in London has been more rapid than that for the rest of the country because greater facilities were available.

At the time of the enactment of the 1911 law, a special appropriation was inserted in the 1911 finance act, which authorized the expenditure of £1,500,000 ($7,299,750, par) for the construction of tuberculosis sanatoriums in the four countries, the amount to be apportioned on the basis of population. It was stated at the time that similar appropriations for the same purpose would be made later, but the outbreak of the war postponed such action.

SICKNESS BENEFIT.

This benefit is a cash payment provided while the insured person is incapable of work by reason of some specific disease or of bodily or mental disablement, of which notice has been given. The payments are made, it will be noted, for inability to work, and not because the member has some illness. The disability must be proved by the doctor's certificate, and the benefit is paid until the doctor certifies that the member is able to resume work. The maximum period of benefit is 26 weeks, beginning with the fourth day of incapacity. After the 26 weeks are exhausted, the right to disablement benefit begins.

When a member has received benefit for one illness, and falls ill again within 12 months of his recovery, the second illness is regarded as a continuation of the first; sickness benefit then begins on the first day of the second illness and may continue until 26 weeks' benefit (including those in the first illness) has been paid.

Qualifications.—A person becomes eligible for this benefit when he has been a member of an approved society (or a deposit contributor) for 26 weeks and 26 contributions have been paid in respect of his insurance. As stated later, a lower rate of benefit is paid during the first two years of membership. Because a certain amount of supervision of the beneficiary is necessary, no benefit is paid while the beneficiary is outside of the United Kingdom.

Under certain circumstances even though these conditions have been fulfilled, sickness benefit may be withheld in whole or in part; these circumstances include:

1. When the member is in arrears.
2. When the member is in receipt of compensation or damages in respect of the injury or disease causing the incapacity.
3. When the member is a discharged sailor or soldier in receipt of a pension for disablement in the highest degree.
4. When the member is an inmate of a workhouse, hospital, etc.
5. When the member has ceased temporarily or permanently to be insured.
6. When the member is suspended from benefits as a penalty under the rules of the society.

Rates of benefit.—A higher rate of sickness benefit is paid to men than to women in order to make the benefit approximate the wage loss of the two groups. A circular of the Ministry of Health, issued in 1920, gives the following statement of benefits to be paid after July 5, 1920:

[Shilling at par=24.3 cents; penny=2.03 cents.]

	Men.		Women.	
	s.	*d.*	*s.*	*d.*
Ordinary rate of sickness benefit	15	0	12	0
Sickness benefit until lapse of 104 weeks from entry into insurance, and payment of 104 contributions (see section 12 (1) of act of 1918).	9	0	7	6

To show fully the difference in the rates of benefit made by the 1920 act, the following table compares the old rates with those in force after July 5, 1920:

CHANGES IN RATES OF BENEFIT AND OF CONTRIBUTION INTRODUCED BY THE ACT OF 1920.

[Source: Ministry of Health. Report by the Government actuary upon the financial provisions of the national health insurance bill of 1920. London, 1920. Cmd. 612, p. 3. Shilling at par=24.3 cents; penny=2.03 cents.]

Item.	Men.			Women.		
	Before July 5, 1920.	After July 5, 1920.	Increase.	Before July 5, 1920.	After July 5, 1920.	Increase.
Benefits:	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
Sickness, per week	10 0	15 0	5 0	7 6	12 0	4 6
Disablement, per week	5 0	7 6	2 6	5 0	7 6	2 6
Maternity	30 0	40 0	10 0	30 0	40 0	10 0
Annual charge upon insurance funds toward the cost of:						
Medical benefit	6 6	9 6	3 0	6 6	9 6	3 0
Sanatorium benefit [1]	9	.....	.....	9	.....	.....
Weekly contribution:						
Employer	3	5	2	3	5	2
Insured person	4	5	1	3	4	1
Total	7	10	3	6	9	3

[1] The withdrawal of the sanatorium benefit from the act is equivalent to the reduction of liabilities by 9d. (18.3 cents, par) per annum for each insured person.

The benefits provided by the 1920 act represent an increase in the ordinary rate of 50 per cent for men and 60 per cent for women. This increase is even greater than these ratios would indicate, because the contribution rate has not been increased to quite the same extent. The total contribution of the employer and employee was increased from 7d. to 10d. (43 per cent) for men and from 6d. to 9d. (50 per cent) for women.

At the time the 1920 law was passed a plea was presented for placing the women's benefits at the same rate as the men's. The Minister of Health stated that this matter had been considered, but as such an increase of benefit would have to be accompanied by a corresponding increase of contribution, it was finally decided to maintain the difference in rates.

What might be regarded as a supplementary benefit is the provision that no contributions need be paid while the member is in receipt of sickness or disablement benefit.

Benefits while in arrears of contribution.—It frequently happens that an employed contributor, on account of unemployment, falls in arrears of payment of his dues. In such case the right to benefit does not cease at once but the benefits are gradually reduced. As a general rule 48 weeks of contribution are treated as a full year's contribution, so that an insured person always has a leeway of four weeks in each year. If the unpaid contributions exceed this, then the weekly sickness benefit is reduced by 1s. (24.3 cents, par) for each four weeks of arrears, with some variation in the case of women's benefits. As already stated, arrears do not accumulate while the member is in receipt of sickness benefit.

In Statutory Rules and Orders No. 1300 of 1921 is given the following schedule of reductions in sickness and disablement benefit for the various stages of arrears, as well as the "penalty rate," or "appropriate sum," the payment of which will enable an insured person to keep himself in full standing. It will be recalled that the ordinary rates for employed contributors are: Sickness benefit, men 15s. ($3.65, par), women 12s. ($2.92, par); disablement benefit, 7½s. ($1.83, par) for men and women alike. The arrears reduction schedule is as follows:

SCHEDULE OF REDUCTIONS IN BENEFIT FOR ARREARS OF CONTRIBUTIONS: EMPLOYED CONTRIBUTORS.

[Source: Statutory Rules and Orders, 1921, No. 1300, national health insurance. Arrears regulations, 1921, dated Aug. 10, 1921, p. 14.]

Number of contributions (including weeks of sickness).	Sickness benefit.				Disablement benefit.	The appropriate sums to secure full benefits.[1]	
	Men.		Women.				
	Reduction of ordinary rate.	Reduction of rate during first 2 years of insurance.	Reduction of ordinary rate.	Reduction of rate during first 2 years of insurance.	Reduction of rate of benefit, men and women.	Men.	Women.
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
45 to 47	1 0	0 6	1 0	0 6	0 6	1 0	1 0
42 to 44	2 0	1 0	2 0	1 0	1 0	2 0	2 0
39 to 41	3 0	1 6	3 0	1 6	1 6	3 0	3 0
36 to 38	4 0	2 0	4 0	2 0	2 0	4 0	4 0
33 to 35	5 0	2 6	4 0	2 6	2 6	5 0	4 0
30 to 32	6 0	3 0	5 0	3 0	3 0	6 0	5 0
26 to 29	7 0	3 6	5 0	3 6	3 6	7 0	5 0

[1] Usually called "arrears penalty."

SCHEDULE OF REDUCTIONS IN BENEFIT FOR ARREARS OF CONTRIBUTIONS: VOLUNTARY CONTRIBUTORS.

[Source: Statutory Rules and Orders, 1921, No. 1300, national health insurance. Arrears regulations, 1921, dated Aug. 10, 1921, p. 15.]

Number of contributions (including weeks of sickness).	Reduction of rate of sickness benefit.		Reduction of rate of disablement benefit, men and women.
	Men.	Women.	
	s. *d.*	*s.* *d.*	*s.* *d.*
48 to 49	1 6	1 0	0 6
46 to 47	3 0	2 6	1 6
44 to 45	4 6	4 0	2 6
42 to 43	6 0	5 0	3 0
39 to 41	7 6	6 0	3 6

In the case of an employed contributor, if the number of contributions paid is 25 or less, he is suspended from sickness, disablement, and maternity benefits during the succeeding benefit year.

Behavior during sickness.—The latest available regulations for the members who are in receipt of sickness or disablement benefit, those of April 15, 1919, contain the following provisions:

(1) A member who is incapable of work and is, or may become, entitled to sickness or disablement benefit in respect of the incapacity—

(*a*) Shall obey the instructions of the doctor in attendance and shall answer any reasonable inquiries by the society as to the instructions given by the doctor;

(*b*) Shall not be absent from his place of residence for the time being between the hours [insert such hours of the evening and morning as may be desired. Different hours should be inserted for summer and winter], and shall not be absent at any time without leaving word where he may be found, provided that the society may, if they think fit, exempt the member from the operation of this rule upon such conditions, if any, as they may impose;

(*c*) Shall not leave the locality where he resides without requesting the consent of the society, which consent shall not be unreasonably withheld and shall be deemed to have been given unless written notice of objection is given to the member as soon as possible after receipt of a notification of his intention to leave the locality;

(*d*) Shall not be guilty of conduct which is likely to retard his recovery; and

(*e*) Shall not do any kind of work, domestic or other, unless it be light work for which no remuneration is, or would ordinarily be payable, or work undertaken primarily as a definite part of the member's medical treatment in a hospital, sanatorium, or other similar institution.

(2) The society may exempt a member from the operation of rule (*e*) of paragraph (1) for such time as they may determine in a case where the member has become incapable of following his usual occupation and is undergoing a course of training with a view to fitting himself to take up some other occupation.

Sickness and disablement benefits are paid by the approved society of which the beneficiary is a member; in the case of a deposit contributor, they are paid to him by the insurance committee. On the production of the doctor's certificate with the member's notice of sickness, an entry in the books of the society is made by its officials. Within eight days thereafter a second certificate must be filed by the member and sickness benefit then becomes payable. Each society must arrange for a sick visiting service, and usually such a visitor is sent to the member on the production of the notice of sickness. The benefit is paid at such times as the rules of the society provide and in many cases the visitors are used to carry the cash to the beneficiary. The benefit must be for fractions of a week and usually these

fractions are one-sixth of the weekly benefit. If the member usually works on Sundays as well as weekdays, the rules of the society must specify the method to be followed; as the law fixes the rate of benefit per week, this point is of minor importance. The benefit is continued until the doctor gives the so-called final certificate, on which the member must fill out the space for "declaring off."

The question of malingering is one which always arises under a system of health insurance and one of the duties of the insurance authorities is to take steps to correct this evil. The 1914–1917 report of the National Health Insurance Joint Committee (Cd. 8890) contains a statement of the methods used by the Scottish commission. The report (p. 116) states:

> The "claims experience" of societies in Scotland is kept under constant observation. As soon as the necessary information is available for each year, the rates of expenditure are worked out, and inquiry is made in any case in which these rates appear to be excessive. In addition, each society, when applying for funds, is required to furnish a statement showing its expenditure on cash benefits and on administration up to the last possible date, and from the information thus supplied the commission judge whether the society's rate of expenditure during the year then current is abnormal. If a society is found to be experiencing an exceptionally heavy drain on its benefit funds, special inquiry is made into the circumstances. These special inquiries have generally been followed by a meeting with the executive and officials of the society concerned, when their methods of administration were fully discussed and suggestions made for preventing depletion of the funds by improper claims. The principal suggestions made at these meetings might be grouped under three heads, viz: (1) Careful scrutiny of claims and of medical certificates; (2) sick visitation; and (3) use of medical referees.

In most cases the reports of the sick visitors are considered a sufficient check on the validity of the claim for sickness and disablement benefits. Where the officials of the society have reason to believe that the period of benefit is being unduly prolonged, the services of a "medical referee" are called for, to prevent malingering. These referees are usually paid out of the society's administration expense account.

Some of the societies have made agreements to provide a joint service of sick visitors and medical referees. In certain areas, such as London, medical referees have been appointed with the cooperation of the insurance committee, each case examined being paid for on a fee basis; in London the examination costs 7s. 6d. ($1.83, par) per case, one-third of which is charged to the society and the remainder is paid for by the committee. In Bristol the medical practitioners made it a condition of accepting service under the act that a medical adviser should be appointed whose sole duty should be to pass on doubtful cases of incapacity for work. The plan of having medical advisers for the various regions has been under discussion since 1914, and it is the intention of the Ministry of Health to appoint such officers as rapidly as conditions permit. These officers are to be full-time medical officers, whose duty is principally that of acting as referee in doubtful cases; they also advise on courses of treatment, etc., when requested by the practitioners themselves. Their cooperation with the insurance doctors is expected to aid in the maintenance of an efficient medical service for insured persons.

The appointment of the regional medical staff and other measures are evidence that the administrative officials are alive to the need of watchfulness in regard to malingering, always present in both State and private insurance.

DISABLEMENT BENEFIT.

The disablement benefit is payable in case of incapacity which continues after the 26 weeks of sickness benefit are exhausted and continues as long as the incapacity lasts, but ceases at the age of 70. It is, therefore, an allowance for invalidity following the sickness benefit, and if necessary is continued until the old-age pension begins.

Qualifications.—The number of weeks which must have elapsed since the member's entry into insurance is 104, and 104 contributions must have been paid.

As in the case of sickness benefit, it is open to an insured person, who is unemployed or ill, to qualify for disablement benefit by paying up the necessary arrears himself. The rate at which these contributions should be paid is the same as in the qualification for sickness benefit. This qualification is, however, not retrospective in its effect; that is, the payment of contributions making up the number necessary for qualification will not entitle an insured person to sickness or disablement benefit for a period prior to the date of such payment. Thus if a person has paid no contributions for 13 weeks he may secure full benefits for the 13 weeks by paying the arrears penalty (see p. 26), but he may secure sickness or disablement benefit after the date of his payment.

In general, the other details of right to disablement benefit are the same as for sickness benefit.

Rate of benefit.—The benefit is the same amount for men and women alike. Payment begins the day after sickness benefit is exhausted and continues as long as the member is rendered incapable of work by a specific disease or bodily or mental disablement. It is a weekly payment of 7s. 6d. ($1.83, par)—that is, one-half of the maximum sickness benefit.

In case of arrears of contribution, the benefit is reduced by 6d. (12.2 cents, par) for each four weeks of arrears. The table on page 26 shows the benefit rates and the arrears penalty rates for men and for women.

The rates just given are those provided by the act of 1920; before the passage of that act the rates were 5s. ($1.22, par) per week for men and women alike. The new law thus increases the benefit by 50 per cent.

MATERNITY BENEFIT.

General features.—One of the most involved features of the insurance system is the maternity benefit. Briefly stated, it is a lump-sum payment of either 40 or 80 shillings ($9.73 or $19.47, par) on the birth of a child. Prior to 1920 the amount of benefit was 30 or 60 shillings ($7.30 or $14.60, par). The 40-shilling benefit is paid in respect of a man's insurance, the benefit being the property of his wife. The 80-shilling benefit is paid to an insured married woman, though this statement is not entirely complete, as will be explained later. The benefit does not include medical attendance, and sickness benefit may not be paid for the four weeks following the date of childbirth unless the sickness is due to a cause not connected, directly or indirectly, with the confinement.

In explaining the reason for including the maternity benefit, Mr. Lloyd George made the following statement:

> We have a provision for maternity, an allowance of 30 shillings, which I think is one of the most valuable provisions in the bill, and we are going to see that the money is spent for the purpose for which it is designed, in spite of one or two protests we have had from friendly societies. The money is meant for the mother, to help her in discharging the sacred function of motherhood by proper treatment, fair play, so as to put an end to the disgraceful infantile mortality of this country.[2]

Great Britain, like a number of the States of the United States, had prohibited the employment of women in industrial establishments for a period of four weeks after childbirth, and this law, enacted in 1891, is still in force. One of the main arguments against such a law is the fact that it prevents a wage-earning mother from securing an income at a period when her expenses are higher than usual, and does this in her own and the child's interest, but at the same time it offers no substitute. It was hoped to ameliorate this condition by the provision of the maternity benefit and by making its payment conditional on the beneficiary abstaining from remunerative employment for a period of four weeks.

The law originally intended that the mother should have the woman's sickness benefit of 7s. 6d. ($1.83, par) for a period of four weeks following confinement, making 30s. ($7.30, par) for the period. This amount had been used as a childbirth benefit for a long period of years by the Hearts of Oak Friendly Society, and was therefore a benefit to which the members of friendly societies were accustomed. The amount of 30s. benefit is smaller that that provided by the German insurance code of 1911 (half wages for eight weeks, with additional nursing benefit) and the French law of 1913 (one-half to 1½ francs (9.7 to 29 cents, par) daily for eight weeks, with additional nursing benefit), but this comparison is of course no longer valid in view of the increase in benefit to a possible 80 shillings ($19.47, par).

Waiting period and other qualifications.—Prior to July 1, 1918, the maternity benefit became available after a waiting period of 26 weeks, but the law of 1918 changed this to 42 weeks, or approximately 10 months. The departmental committee on approved society finance and administration in its report of 1916 (Cd. 8396) had recommended that the period be made 52 weeks for both male and female members, in order to prevent any exploitation of this feature of the insurance, but Parliament reduced this term to 42 weeks.

The insured woman's benefit carries with it the obligation to abstain from remunerative work for a period of four weeks after the date of childbirth, with the penalty of a fine for infraction of this rule. Every approved society and insurance committee is required to establish rules on this subject, and these rules must be ratified by the higher insurance authorities.

The second 40-shilling benefit, paid by the wife's society, is not subject to the qualifications attached to the payment of the sickness benefit; that is, it may be payable even though the woman member has been suspended from sickness benefit on account of arrears or has already exhausted the full 26 weeks for which sickness benefit is payable. Similarly, the payment of the second maternity benefit will not count as the payment of four weeks' sickness benefit for the purpose of determining when the right to 26 weeks' sickness benefit

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[2] The People's Insurance, by David Lloyd George. London, 1912, p. 183.

is exhausted. In the same manner, if the father dies before the child is born, his insurance is regarded as having continued up to the date of confinement and the fact that his dues have not been paid after his death is disregarded.

As the insured married woman generally receives 40s. of the 80s. benefit from her husband's society, it was necessary to make provision that the maternity benefit should be paid even if the husband was in arrears or for other reasons disqualified in his membership rights; otherwise the wife would be in a less favorable position than if her husband was not insured at all. It was provided, therefore, that when the insured husband is disqualified, the wife's society must pay the entire 80s.

To obtain the maternity benefit in respect of the husband's insurance, proof of marriage in the form of a marriage certificate must be produced, and in the same way the wife's society must have similar proof before paying the second 40s. benefit. One benefit may be paid by the wife's society without the certificate, since an insured woman is entitled to the benefit even if not married. These certificates are supplied by the registrar at a cost of 1s. (24.3 cents, par).

If an insured woman gives up her employment on marriage, she retains her right to the maternity benefit for two years from the date of ceasing to be an employed contributor.

An insured woman is required to give formal notice of her marriage, to her society within eight weeks of the date thereof; if the society has not been so notified and pays to her benefits to which she is not entitled, it may deduct the excess amount so paid from the amount of any benefit subsequently payable to her.

Rate of benefit.—The basic amount of the maternity benefit, prior to July, 1920, was 30s. ($7.30, par); the act of 1920 raised this to 40s. ($9.73, par). It is paid in respect of a man's insurance and is the wife's property. If the wife is also an employed contributor, then her insurance entitles her to another lump-sum payment of 40s. from her society, making 80s. ($19.47, par) in all. Husband and wife may, and often do, belong to the same society.

As a rule, the husband of an insured wage-earning woman will also be an insured person; to simplify the matter, the law provides that an insured married woman shall have 80s. regardless of whether her husband is insured; if he is not insured, or if insured is not qualified for some reason (arrears, etc.), the wife's society pays the entire 80s.

An unmarried insured woman is entitled to a maternity benefit of 40s. ($9.73, par) from her society.

What may be regarded as a supplementary benefit is the provision of section 10 (4) of the act of 1911, under which no account is taken of arrears of contributions accruing during the two weeks before and the four weeks after the date of childbirth in the case of a married woman who is herself insured. Such a member is therefore exempt from the payment of dues for a period of six weeks.

To show the relation of the husband's society and the wife's society in respect to the payment of the maternity benefit, the official Handbook for Approved Societies gives the following schedule. This volume was published in 1915 and the rates therefore are not now in use, but the schedule illustrates the relation between the two societies.

SCHEDULE OF OBLIGATIONS OF APPROVED SOCIETIES OF GREAT BRITAIN FOR BENEFITS UNDER NATIONAL INSURANCE ACTS, IN RESPECT OF INSURED MARRIED MEMBERS.

[Source: Great Britain, national insurance acts. Handbook for the Use of Approved Societies. English edition, London, 1915, pp. 111, 112. The benefits shown in this schedule are not now in use.]

Part I. For use by husband's society.

A. Husband insured, and qualified for benefit.....	Husband's society pays 30s. ($7.30) if husband is a British subject, or if wife was before marriage a British subject; £1 3s. 4d. ($5.68) if he is an alien and his wife was before marriage an alien.
B. Husband insured, but not qualified for benefit..	Husband's society pays nothing.

Part II. For use by wife's society.

A. Wife an employed contributor, but not qualified for benefit.	Wife's society pays nothing.
B. Wife an employed contributor and qualified for benefit. Then, if—	
(1) Husband is also insured, and qualified..	Wife's society pays 30s. ($7.30), or 18s. ($4.38) if husband is an alien and wife was an alien before marriage.
(2) Husband is also insured, but not qualified.	Wife's society pays 60s. ($14.60), or 36s. ($8.76) if husband is an alien and wife was an alien before marriage.
(3) Husband is not an insured person.....	Wife's society pays 60s. ($14.60), or 36s. ($8.76) if husband is an alien and wife was an alien before marriage.
(4) Husband is a deposit contributor, but the amount standing to his credit is not enough to provide full benefit; i. e., 30s. ($7.30) or £1 3s. 4d. ($5.68), as above.	Wife's society pays— If the husband is a British subject, or if the wife was before marriage a British subject, 30s. ($7.30) at once, and, when they know the sum available from the husband's credit, so much more as will, together with that sum, make up a further 30s. ($7.30). If the husband is an alien, and the wife was before marriage an alien, 18s. ($4.38) at once, and, when they know the sum available from the husband's credit, so much more (if any) as is required, together with that sum, to make up a further 18s. ($4.38).

ADDITIONAL BENEFITS.

With the approval of the Ministry of Health, the benefits just described may be increased or certain other benefits, called "additional" benefits, may be provided by an approved society. This approval is conditional on the financial status of the society, and as the results of the first valuation have not yet been completely determined these additional benefits have not yet been provided. For such societies as show a surplus, authority is given to provide the benefits specified.

The list of these benefits is given in the fourth schedule of the act of 1911. Section 37 of that act provides that no surplus or part of a surplus of a society shall be used for a death benefit and that only the benefits indicated in the following list shall be provided:

1. Medical treatment and attendance for any persons dependent upon the labor of a member.
2. The payment of the whole or any part of the cost of dental treatment.
3. An increase of sickness benefit or disablement benefit in the case either of all members of the society or of such of them as have any children or any specified number of children wholly or in part dependent upon them.
4. Payment of sickness benefit from the first, second, or third day after the commencement of the disease or disablement.
5. The payment of a disablement allowance to members though not totally incapable of work.

6. An increase of maternity benefit.
7. Allowances to a member during convalescence from some disease or disablement in respect of which sickness benefit or disablement benefit has been payable.
8. The building or leasing of premises suitable for convalescent homes and the maintenance of such homes.
9. The payment of pensions or superannuation allowances whether by way of addition to old-age pensions under the old age pensions act, 1908, or otherwise.
10. The payment, subject to the prescribed conditions, of contributions to superannuation funds in which the members are interested.
11. Payments to members who are in want or distress, including the remission of arrears whenever such arrears may have become due.
12. Payments for the personal use of a member who, by reason of being an inmate of a hospital or other institution, is not in receipt of sickness benefit or disablement benefit.
13. Payments to members not allowed to attend work on account of infection.
14. Repayment of the whole or any part of contributions thereafter payable under Part I of this act by members of the society or any class thereof.
15. Such other additional benefits being of the same character as any of those hereinbefore mentioned as may be prescribed.

Section 15 of the act of 1920 authorized the National Health Insurance Joint Committee to specify the form of the benefits to be allowed under the terms of clause 15 above. In February, 1921, the following draft of an order was published as indicating the views of the insurance authorities. Under this order the schedule quoted above would have added to it the following:

15. The payment of the whole or any part of the cost of maintenance and treatment of members in a hospital or convalescent home, and the payment of part of the traveling expenses incurred by members in traveling to or from the hospital or convalescent home.
16. The payment of the whole or part of the cost of medical and surgical appliances, other than those provided as part of medical benefit.
17. The payment of the whole or any part of the cost of optical treatment and appliances.
18. The payment of the whole or any part of the cost of the provision of nurses for members.

The preliminary report on the first valuation, referred to later in the description of the actuarial aspects of the system, states that "in the case of a large number of insured persons the disposable surplus permits of an additional sickness benefit of 5s. [$1.22, par] a week with corresponding additions to the other money benefits." It seems clear, therefore, that in the near future the great majority of insured persons will receive additional benefits under one or more of the clauses given above.

MISCELLANEOUS BENEFIT FEATURES.

Mercantile marine.—Because of special conditions prevailing in certain industries only reduced benefits are paid and correspondingly lower contributions required. Thus a seaman must be maintained by the shipowner while the man is disabled, and medical attendance must be provided. During such incapacity the society of which the seaman is a member pays him no sickness benefit; the society also does not count any such sickness in computing the 26 weeks for which benefit may be paid. The contributions are 8d. and 7d. (16.2 cents and 14.2 cents, par) for men and women, respectively.

If, however, the seaman has dependents and his employer is not liable for wages, the society may pay the sick benefit in whole or in part to the dependents.

Married women.—The provisions relating to an insured woman who marries and gives up her employment are rather involved and arise partly from the fact that her contributions have established a certain credit to her account and partly from the desire of the law-makers to give her special advantages. The woman member must give notice of her marriage within eight weeks and her society will then provide her with a special circular specifying her rights. The general rule is that as soon as a married woman has been out of employment for eight weeks in the year following the date of her marriage she is automatically transferred to the special married women's class, "Class K." When an insured woman keeps on with her remunerative employment for a year after marriage, but then becomes "unemployed" within the terms of the law, she is treated as the usual contributor and is given the "free year" described below.

The special benefits to which "Class K" women are entitled are as follows:

1. Sickness benefit, subject to the normal conditions as to proof of inability to work, for six weeks during the year following the date of giving up work. The 1920 act uses the words "sickness or disablement benefit" and the rate is made 7s. 6d. ($1.83, par) weekly instead of the 5s. ($1.22, par) provided by the 1918 act. If the member is entitled to disablement benefit, she may therefore receive it for the full six weeks even if she has already exhausted her right to sickness benefit.

2. Maternity benefit of 40s. ($9.73, par) on her first confinement after marriage, if it occurs within two years after the date of marriage; this is additional to any benefit she may receive in respect of her husband's insurance.

3. Medical benefit for one year from the date of her transfer to "Class K" plus the period up to either June 30 or December 31 following the end of the year, whichever comes first.

The "free year's" benefit.—Under the 1918 act the position of a person who has ceased to be insured is as follows: He will remain an insured person in exactly the same position as he was at the time he ceased to be insured for a period of one year. If he was in full standing, all the benefits must be paid him; if he was in arrears, the reduced benefits must be paid him, though of course he is entitled to medical benefit in full. This is usually referred to as the "free year's insurance." It is applicable regardless of the cause of ceasing to be an employed contributor, whether it is due to inability to find work, increase of income beyond the £250 ($1,217, par) limit, taking up employment not included under the laws, etc.

After this year has expired anyone who later desires or is required to enter insurance again is treated as if he were an entirely new applicant—e. g., his benefits are smaller for the first 104 weeks, he must comply with new waiting periods, etc.

The voluntary contributor whose employment is not manual and whose income exceeds £250 ($1,217, par) is not entitled to medical benefit.

Inmates of institutions.—A person who is an inmate of any workhouse, hospital, asylum, convalescent home, sanatorium, or similar institution, supported by public funds or by charitable contributions,

may not receive benefits directly. Instead, these may be paid to his dependents, or if he so authorizes, be paid for his benefit, as for the rent of his house, or be paid with his consent to the institution. If there is a balance after these possible payments have been made, it is paid to him on leaving the institution.

SOURCES OF INCOME.

The means for defraying the cost of the insurance system are secured from three sources—first, contributions of the insured person; second, contributions of the employer of the insured person; third, grants from the national treasury.

For the great majority of the insured persons, the "employed contributors," the weekly rate of contribution is now 10d. (20.3 cents, par) for men and 9d. (18.3 cents, par) for women. In the case of men the insured person and his employer each pays half; in the case of women the insured person pays four-ninths and her employer pays five-ninths. The employer thus pays the same amount in both cases, so that as far as the insurance is concerned there is no reason for the employer to prefer women as against men. In the case of insured persons receiving low wages—less than 4s. (97.3 cents, par) per day—the employer's proportion is even higher.

When the act of 1911 came into force the men's rate at that time of 3d. (6.1 cents, par) for the employer might be taken, on a rough approximation, as 1 per cent of wages. Thus the Abstract of Labor Statistics, seventeenth issue, published in 1915, gives on pages 48 to 63 a large number of rates of wages ranging from 20s. to 50s. ($4.87 to $12.17, par) per week. If 25s. ($6.08, par) be rather arbitrarily assumed to be one of the most frequent rates, this would make the proportion about 1 per cent of wages for the employer and $1\frac{1}{3}$ per cent for the insured man."

GOVERNMENT GRANTS.

The amounts provided by the National Government fall under two heads. In the first place, the Government adds two-ninths to each contribution paid in respect of an insured person, men and women alike. Secondly, the Government makes a number of appropriations for specific purposes, which will be described later. The proportion of the total income which the Government pays is very difficult to state; but if one is permitted to make a very crude estimate, it may be placed at 25 per cent, though even this statement is made with many reservations.

The second group of grants from the national treasury will be described in connection with the financial administration of the system. In general these are: For purposes of the medical benefit, about £3,100,000 ($15,086,150, par) in 1919; for the women's equalization fund, to defray extra expenditure caused by disability due to childbearing, etc., about £280,000 ($1,362,620, par); for the central fund, to meet abnormal rates of sickness, £150,000 ($729,975, par). The actuaries who prepared the estimates of expenditure for benefits under the 1920 act expressed the opinion that the national appropriations would defray slightly over 25 per cent of this expenditure, without including any sums for sanatorium benefit.

CONTRIBUTIONS.

The contributions are weekly dues paid jointly by the employer and the insured person. By far the greater part of the insured population pay at the so-called ordinary employed rate; in the effort to adjust the system to the conditions prevailing in certain occupations or industries special rates of contribution are provided for these groups. Except in the case of the merchant marine these rates are of minor importance as far as the number of persons insured under them is concerned.

Contributions are not paid during the receipt of sickness or disablement benefit and, in the case of women, during receipt of maternity benefit.

If, however, an employee holds a certificate of exemption from insurance, his employer must nevertheless pay the contribution which would have fallen to his share had the employee not been exempt.

Ordinary rate.—Under the act of 1920, the total ordinary employed rate of weekly contribution for both employer and employee is 10d. (20.3 cents, par) for men and 9d. (18.3 cents, par) for women, the employer paying 5d. (10.1 cents, par) of these amounts in each case, the male employees 5d., and the female employees, 4d. (8.1 cents, par).

Low-wage earners.—In certain employments, where the rate of wages is lower than that of the great majority of insured persons, a special system of contributions is provided. As the law states it:

> In the case of employed contributors of either sex, of the age of 18 or upward, whose remuneration does not include the provision of board and lodging by their employer, and the rate of whose remuneration does not exceed 4s. (97.3 cents, par) a working day, the following shall be the rates of contribution:
>
> Where the rate of remuneration does not exceed 3s. (73 cents, par) a working day—
>
> To be paid by the employer—for men, 10d. (20.3 cents, par) a week; for women, 9d. (18.3 cents, par) a week.
>
> Where the rate of remuneration exceeds 3s. but does not exceed 4s. (97.3 cents, par) a working day—
>
> To be paid by the employer, 6d. (12.2 cents, par) a week.
>
> To be paid by the contributor—men, 4d. (8.1 cents, par) a week; women, 3d. (6.1 cents, par) a week.

These rates for low-wage earners are a distinct modification of the rates existing prior to July 5, 1920. Under the act of 1911 the low-wage earners were men earning 2s. 6d. (60.8 cents, par) per day or less and women earning 2s. (48.7 cents, par) a day or less—both being 21 years of age or over. The rates for these groups were:

Weekly rates for low-wage earners prior to July 5, 1920.—Group I (wage not exceeding 1s. 6d. (36.5 cents, par) per working day): The employer paid 6d. (12.2 cents, par) for men, 5d. (10.1 cents, par) for women, and Parliament provided 1d. (2 cents, par) in each case. The insured paid nothing.

Group II (remuneration over 1s. 6d. but not exceeding 2s. (48.7 cents, par) per working day): The employer paid 5d. for men and 4d. (8.1 cents, par) for women, the insured paid 1d. in each case, and Parliament provided 1d. in each case.

Group III (remuneration over 2s., but not exceeding 2s. 6d. (60.8 cents, par) per working day): The employer paid 4d. (8.1 cents, par) for men, 3d. (6.1 cents, par) for women, while the insured paid 3d. in each case. For the women these rates were the same as the ordinary employed rates.

Mercantile marine.—The position of men and women employed in the mercantile marine (seamen) is affected by the navigation laws, which require the shipowner to provide sickness care and maintenance during service on board ship. The contributions to be paid in the case of "foreign-going" seamen are 2d. (4.1 cents, par) less than the rates for the usual employed contributors—that is, the employer and the seaman each pay 1d. (2 cents, par) less.

The men and women employed in coastwise trade ("home trade") are practically in the position of regular contributors.

Special groups.—Persons who are in the service of more than one employer in any calendar week have their contributions paid by the first employer of the week. In the case of persons who take home work to be done ("outworkers"), the insurance authorities may permit contributions to be paid on the basis of work actually done, and for this purpose they have issued a long series of regulations applying to specific trades and to particular localities. The usual method is for the employer to fill out a blank form giving information as to the industry, the employee, etc.; if this statement is satisfactory permission is granted to pay contributions for each "unit of work" instead of for each week of employment.

Persons intermittently employed must have employment for at least 40 weeks a year for every two successive years in order to maintain their status as employed contributors. They may not retain their membership by paying the ordinary "arrears penalty," but must have themselves enrolled as voluntary contributors and pay the full rate if their employment is less than the 40 weeks because of such intermittent employment.

It will be noted that the rates of contribution are level or "flat" rates—that is, uniform for all persons in a group regardless of their ages. The plan used in some insurance systems of making the rates a percentage of wages was not adopted for the British system.

ARREARS.

The schedule on page 26 shows the rate of reduction of sickness and disablement benefit while the member is in arrears of contribution. The system provides for a special plan of payments by the member to restore himself to full benefit; this plan, however, restricts the right to temporary periods of genuine unemployment, and a member who is in an intermittent employment, or who frequently takes up temporary employment, may not receive the advantage of this special rate.

The original plan for extinguishing arrears permitted the insured person to retain his full rights by paying his own share (but not his employer's) of the regular contribution. Under the act of 1918 this right was withdrawn, and since 1918 a system of lump-sum payments, entitled "arrears penalty," has been in use. The amount of these cash payments is given in the table on page 26. These payments amount in the case of men to 1s. (24.3 cents, par) for each four weeks of arrears; as the man's contribution is 5d. (10.1 cents, par) per week, four weeks' payments would be 20d. (40.6 cents, par), so that the 1s. payment means a substantial reduction in such cases. For women, the arrears penalty is 6d. (12.2 cents, par) for each four weeks, making the advantage even greater.

The arrears for any contribution year are extinguished in the corresponding benefit year, even though no benefit is paid, so that the member makes a fresh start each year. Each member's account is made up at the end of each contribution year; contribution cards are issued the first part of January and the first part of July, and each year begins with the first Monday in July. As stated before, full benefits are payable if not less than 48 contributions are credited for the contribution year. When the number paid falls short of 48, the member is liable to suffer reduction or suspension of benefits for the whole of the following benefit year unless he pays within the so-called "period of grace" the arrears penalty already referred to. The period of grace ordinarily runs to the end of October after the close of the contribution year.

FINANCIAL ADMINISTRATION.

ACTUARIAL BASIS OF THE SYSTEM.

The basis used in computing the rates of contribution for defraying the cost of the sickness and disablement benefit was the experience of the Manchester Unity of Odd Fellows, 1893–1897. This is the largest of the English friendly societies, and includes a wide variety of occupations among its members. The actuaries employed by the Government weighted the data of this body of experience to make it conform to the characteristics of the general population; the factors requiring adjustment were the occupational, the age distribution, the marriage rate, the birth rate, etc. The Manchester Unity experience, as tabulated, included only male lives, and in the absence of any reliable information as to women's experience, the actuaries decided to use the figures for male lives in establishing the women's rates of contribution, though the men's rates were "loaded" to protect the funds. Later experience proved, however, that the loading had not been sufficient to carry the higher cost of women's benefits.

To verify the elaborate tables of the Manchester Unity experience the following comparison was made of the sickness rates of a number of friendly societies for periods prior to the year 1900.

COMPARISON OF RATES OF SICKNESS AMONG MALES AS SHOWN BY VARIOUS EXPERIENCES.

[Source: Report of the actuaries in relation to the scheme of insurance against sickness, disablement, etc., embodied in the national insurance bill, 1911. London, 1911. Cd. 5681, p. 15.]

Age group.	Weeks of sickness per annum per member.			
	Manchester Unity, 1866–1870.	Ancient Order of Foresters, 1871–1875.	Friendly societies, 1876–1880.	Manchester Unity, 1893–1897.
16 to 19	0.54	1.04	0.88	0.92
20 to 24	.75	.82	.85	.90
25 to 29	.81	.85	.87	.95
30 to 34	.93	.97	1.02	1.06
35 to 39	1.06	1.15	1.24	1.27
40 to 44	1.26	1.37	1.47	1.58
45 to 49	1.64	1.71	1.89	1.99
50 to 54	2.22	2.27	2.39	2.75
55 to 59	3.05	3.21	3.36	4.02
60 to 64	4.72	4.59	5.17	6.31
65 to 69	7.24	7.97	8.73	10.59

The actuaries place special emphasis on the fact that for practically the whole period for which information is available, there had been a steady increase in the average rate of sickness. As their report expresses the matter:

> An important result of this investigation was to show that a steady increase in the average rate of sickness among male lives at all ages had been taking place for many years previously. (Cd. 5681, p. 15.)

In the report of the operations of the system for 1913–14 (Cd. 7496, p. 60) this point is again referred to in another aspect:

> It would appear from statements that have been made that the rate of sickness among the older friendly societies has risen considerably since the act came into operation, and that material excess over the provision made for the sickness claims in the voluntary contributions and reserves of the societies is being experienced. On the act side, however, the claims on the majority of these societies appear on the whole to be within the actuarial provision.

Apparently any system of health insurance, whether State or private, must include this factor as an element of cost in computing its income. According to the latter of the above quotations, the private insurance system had experienced the usual increase in cost, while in the State system it had not yet come into operation.

On the basis of the Manchester Unity tables, a system of flat rates or level premiums was worked out and was applied to the whole insured membership. If such a flat-rate schedule of charges is placed on the whole number of insured persons, the inequalities of occupational, age, sex, etc., risks will be of slight importance because of the operation of the law of average; the favorable and the unfavorable factors together will produce an aggregate result which in a large number of cases can be readily approximated. The essential point to be emphasized is that such a flat-rate system needs as carriers organizations containing large numbers of persons with a wide variety of risks in order to equalize these variations.

The plan adopted for the organization of the carriers of the British system, however, did not comply with this requirement. The insured persons were permitted, and in fact encouraged, to segregate themselves into societies which in many cases were comparatively small in numbers and which did not contain a variety of risks—many of them even concentrated good or poor risks in one group, as in the case of certain trade-unions. Thus it was well known that certain groups of agricultural workers had rates of sickness much lower than the average, while other groups, such as miners, had rates in excess of the computed average. The trade-union societies, for instance, have recommended that plans be prepared for the nationalization of assets and liabilities "to secure for unhealthy and dangerous occupations the full benefits of national health insurance."[3]

Under this system of flat-rate contributions, with the membership divided into groups which do not afford an equal distribution of risks, there are four factors to be provided for, in order to secure some measure of equalization:

1. The age distribution of the membership; this is cared for by the system of "reserve values."

2. The probability of an excess of liabilities, or deficiency on valuation, of a society due to expenditures for benefit being in excess of the expected; this is provided for by the contingencies fund.

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[3] The National Insurance Gazette. London. February 7, 1920, p. 68.

3. The probability of a deficiency on valuation caused by abnormal rates of sickness due to the nature of the occupation of the members, or the environment in which they live, or an epidemic such as influenza, or some other cause beyond the control of the society; this is provided for by the central fund.

4. The fact that women, especially married women, have a high rate of disability, principally on account of childbearing. This is cared for by the women's equalization fund.

RESERVE VALUES.

The earliest age of admission to the insurance is 16, and as all persons over this age pay the same contributions, there is danger either of loss to the system or of making the younger ages pay the benefits of the older. To obviate this danger, the system called "reserve values" has been created and a set of tables prepared to show the capital sum which must be provided to meet the loss on the benefits of the ages over 16.

Whenever a person of the age of 17 or over joins a society the ministry at once makes to that society a theoretical loan—in other words, gives it a credit—of an amount equal to the capital sum stated in the reserve values table to be necessary to offset the loss caused by the higher age of that member. This credit involves the payment by the society of 3 per cent interest.

The credit is to be redeemed by having the authorities withhold from each weekly contribution a certain sum which will pay the interest and eventually cancel the capital sum. Originally it was expected that the reserve values would be repaid by 1932, but later changes have postponed this date to about 1955.

Under the act of 1920 the amount of the weekly contributions to be applied to the reserve values fund (or sinking fund, as it is frequently called) will be $1\frac{1}{3}$d. (2.7 cents, par) in the case of men and $1\frac{5}{12}$d. (2.9 cents, par) in the case of women. It is estimated that these deductions will be sufficient to complete the redemption in about 35 years from 1920. In 1912 the amount of the reserve values to be redeemed was placed at £87,000,000 ($423,385,500, par); in July, 1920, the unredeemed reserve values were about £65,000,000 ($316,322,500, par). The law of 1920 added about £45,000,000 ($218,992,500, par) to the reserve values, making the total about £110,000,000 ($535,315,000, par). Under the rates of deductions provided by the 1920 law, the aggregate income available in the first year will amount to about £4,800,000 ($23,359,200, par), of which £3,300,000 ($16,059,450, par) will be required for interest, leaving £1,500,000 ($7,299,750, par) for reduction of the principal.

The history of these deductions is of interest. The act of 1911 provided that the rates of deduction should be, in the case of men, $1\frac{5}{9}$d. (3.2 cents, par); in the case of women, $1\frac{1}{2}$d. (3 cents, par). These deductions it had been estimated would redeem the reserve values in about 18 years. The departmental committee of 1916 recommended, since the contributions seemed inadequate in certain respects, that a part of these deductions should be diverted to the two special funds described below. This meant a diversion of sinking fund moneys for more or less immediate purposes, and a delay in the final cancellation of the reserve values from 1932 to 1938. The de-

ductions made for the two special funds left the amount as follows: In the case of men, 1⅑d. (2.3 cents, par); in the case of women, 1⅙d. (2.4 cents, par).

With the deductions at these rates, the following table was prepared by the actuaries of the system; these reserve values are no longer in force, but, since the tables for the 1920 rates have not yet been published, they show the method used.

RESERVE VALUES IN RESPECT OF EMPLOYED CONTRIBUTORS WHO ENTERED INTO INSURANCE AFTER OCTOBER 12, 1913, UNDER THE AGE OF 69. (SUPERSEDED BY ACT OF 1920.)

[Source: Reserve and Transfer Regulations, 1918. Second schedule. £ at par=$4.8665; shilling=24.3 cents; penny=2.03 cents.]

Age next birthday at entry into insurance.	Reserve values.			Age next birthday at entry into insurance.	Reserve values.		
	Men.	Spinsters and widows.	Married women.		Men.	Spinsters and widows.	Married women.
	£ s. d.	£ s. d.	£ s. d.		£ s. d.	£ s. d.	£ s. d.
17			7 10 6	44	7 19 6	7 17 6	8 12 6
18	0 10 0	0 6 6	7 4 6	45	8 5 6	8 5 6	8 18 0
19	0 17 0	0 10 6	6 16 6	46	8 12 0	8 13 0	9 4 0
20	1 4 0	0 14 0	6 9 0	47	8 18 0	9 0 0	9 10 0
21	1 11 0	0 17 0	6 3 6	48	9 4 0	9 6 6	9 15 6
22	1 18 0	1 0 0	5 19 6	49	9 9 6	9 13 0	10 1 0
23	2 4 6	1 3 0	5 17 0	50	9 14 6	9 18 6	10 5 6
24	2 10 6	1 5 6	5 15 6	51	9 19 6	10 3 6	10 9 6
25	2 16 0	1 8 6	5 14 6	52	10 3 6	10 7 6	10 13 0
26	3 1 6	1 11 6	5 14 6	53	10 6 6	10 11 0	10 15
27	3 7 0	1 15 0	5 15 0	54	10 9 0	10 13 0	10 17 0
28	3 12 0	1 19 6	5 16 0	55	10 10 6	10 14 6	10 17 6
29	3 17 0	2 4 6	5 17 6	56	10 10 6	10 14 0	10 16 6
30	4 2 0	2 10 0	5 19 6	57	10 8 6	10 12 0	10 14 0
31	4 7 0	2 16 6	6 1 6	58	10 5 0	10 7 6	10 9 0
32	4 12 0	3 3 0	6 3 6	59	9 19 0	10 1 0	10 2 6
33	4 17 0	3 10	6 6 0	60	9 10 6	9 12 0	9 13 0
34	5 2 0	3 17 6	6 9 0	61	8 19 0	9 0 0	9 1 0
35	5 7 0	4 5 6	6 12 0	62	8 5 6	8 6 0	8 6 6
36	5 12 0	4 13 6	6 15 6	63	7 10 0	7 9 6	7 10 0
37	5 17 6	5 1 6	6 19 0	64	6 12 0	6 11 6	6 12 0
38	6 3 6	5 9 6	7 3 0	65	5 12 0	5 12 0	5 12 0
39	6 9 0	5 17 6	7 7 0	66	4 10 0	4 10 6	4 10 6
40	6 15 0	6 6 0	7 11 6	67	3 6 6	3 8 0	3 8 0
41	7 1 0	6 14 0	7 16 0	68	2 3 6	2 6 6	2 6 6
42	7 7 0	7 2 0	8 1 0	69	1 12 0	1 16 0	1 16 0
43	7 13 0	7 10 0	8 6 6				

THE CONTINGENCIES FUND.

The departmental committee of 1916 reported that the existing financial provisions of the insurance acts were not sufficiently elastic to meet the strain of temporary periods of excessive sickness. They recommended the creation of a contingencies fund for each society, as a measure of reinsurance within the society itself, for the purpose of enabling the society to meet casual variations in the claim rate, or alternatively to be available for return in the form of additional benefits to the members as a result of favorable conditions, and thus to give the members an interest in securing a high level of administration. This feature of having each society receive the advantage of efficient management and, conversely, bear the cost of lax management is always emphasized by the official studies on the

system. A society which has accumulated a surplus by careful management must not be deprived of the larger benefits which it can then afford to give its members by being called on to subsidize another society which has a deficiency because of less careful management. For this reason the resources of the contingencies fund are to be devoted entirely to the society which has provided them—in fact the moneys might just as well be left in the safe box of each society. As far as the use of this fund is concerned, though, as will be stated in connection with the central fund, one-eighth of the amount diverted from the original sinking fund income is actually placed in a "pool" for the benefit of all societies.

The management of the moneys for the contingencies fund is in the hands of the three insurance authorities, the Ministry of Health for England and Wales, the Scottish Board of Health, and the Irish Insurance Commissioners. The fund is fed by the following sums: Under the act of 1918 the amounts were seven-eighths "of a sum representing in the case of men four-ninths, and in the case of women three-ninths, of a penny for each weekly contribution paid in respect of a member of a society." Under the act of 1920 these amounts were increased so that they now are seven-eighths of two-thirds of a penny in the case of men and of one-half penny in the case of women. This increase was necessary to provide for the larger benefits of the 1920 act. To these amounts should be added the interest accumulations.

The deductions placed in the fund are those which would have been credited if the fund had been in existence since the commencement of the system.

The apportionment of the contingencies fund among the societies is regulated by section 3 of the 1918 act. The men's contributions are placed in one account and this is apportioned among the societies in proportion to the number of men's contributions each society has made, together with the share of interest earned. The same procedure is followed in the case of the women's contributions. The amount so apportioned is from time to time to be made available for making good any deficiency which may appear when a quinquennial valuation is made; if there is no deficiency, or if there is a balance after covering the deficiency, the amount must be placed in the benefit fund of the society. The society, however, may not use such a receipt to provide any of the "additional benefits" described on page 32.

CENTRAL FUND.

The central fund is a common fund for all societies, to be drawn upon to meet deficiencies shown to exist at a five-year valuation; it is administered by the National Health Insurance Joint Committee. The fund is fed, first by the remaining one-eighth of the amount deducted from the contingencies and central funds, that is, one-eighth of the following: Two-thirds of a penny for men and one-half penny for women. Under the 1918 act, the rates were one-eighth of the following: Men four-ninths penny, women three-ninths penny. The second source of income of the central fund is an annual appropriation by Parliament of £150,000 ($729,975, par) beginning with the year 1917. To these sums is added the interest

earned. Although the fund was created by the act of 1918, the deductions credited to it are the sums which would have been placed there had the plan been in force from the beginning of the system.

The distribution of the central fund is regulated by section 4 of the 1918 act, which provides that if on the valuation of a society a deficiency is found to exist and the sums available in the contingencies fund are not sufficient to make good the deficiency then the central fund may be drawn upon under the following conditions: The National Health Insurance Joint Committee may direct that the whole or a part of the deficiency shall be covered out of the central fund if the committee is satisfied that the deficiency is due in whole or in part to an abnormal rate of sickness among the members on account of "the nature of their employment or environment, or their physical condition or any epidemic disease, or is due to the rate of sickness being abnormal by reason of the small membership of the society or branch, or is due to any other special cause beyond the control of the society or branch."

If at any time the joint committee decides that after taking into account the necessity of creating a proper reserve, the sums standing to the credit of the central fund are more than sufficient for the purposes of the fund, the committee may by regulations provide for decreasing the amounts stated above and make a corresponding increase in the amounts to be placed in the contingencies fund.

THE WOMEN'S EQUALIZATION FUND.

The departmental committee of 1916 found that while the expenditure for sickness and maternity benefits in respect of men's insurance was substantially within the provision made for it, the same expenditure for women's insurance was distinctly in excess of the provision of the insurance acts. The original estimates of the system were based on the Manchester Unity of Odd Fellows' experience for men, but heavily weighted to allow for greater sickness among women. The 1916 committee found that, in the light of the fuller knowledge available after several years' operation, the pressure of sickness claims of women had been underestimated and that there was a lack of balance between net provision and benefit. It was also found that, apart from the general excess in the expenditure upon claims for sickness benefit for women, experience had shown that married women in particular appeared to be subject to a greater amount of sickness than women generally and that this further excess emerged in the experience of the societies in proportion to the number of married women included in their membership.

To correct this inadequate provision, the committee made two recommendations. The first was that the amounts set aside for the redemption of reserve values had been found to be slightly greater than was necessary in the case of women, and they proposed that the rate should be changed from 1½d. (3 cents, par) (1911 law) to 1¼d. (2.5 cents, par). This would immediately release a larger sum for benefits for women generally, while correcting an excessive charge for sinking fund purposes. This was part of the deductions already referred to under the contingencies funds' amounts.

The second recommendation was the establishment of a women's equalization fund. As finally worked out in the 1918 law, this fund

was to be devoted to meeting the sickness claims of women of approved societies. The annual income of the fund is a sum not exceeding 10s. ($2.43, par) per married woman employed contributor, and the plan of distribution is prepared by the joint committee with the approval of the treasury. The money is appropriated by Parliament for this purpose, and the 10s. is increased by the usual grant of two-ninths of a weekly contribution notwithstanding the fact that the income was wholly or partly provided by Parliament.

Under the 1911 act, it was for a while a matter of doubt whether disability due to pregnancy formed a valid claim for sickness benefit, as the practice of friendly societies had varied in this respect. Because of this lack of uniformity of treatment of woman members, Parliament acceded to the request of the societies and made an appropriation "for grants toward the cost of sickness benefit, including loss of contributions incurred since the commencement of the act, by approved societies having woman members, on a basis calculated with reference to the relative incidence of incapacity during pregnancy among such members, £500,000 [$2,433,250, par]." This sum was granted in the budget for 1915–16; for 1916–17, the amount was £100 ($486.65, par); and for 1917–18 it was £10,000 ($48,665, par). Because of war conditions these amounts were not distributed, and when the 1918 act provided for the women's equalization fund, the £510,100 ($2,482,402, par) were placed in it to be distributed to the societies on the basis of 8s. ($1.95, par) per married woman who was a member of a society and an employed contributor. The 1920 act increased the rate from 8s. to 10s. ($1.95 to $2.43, par). At the time the 1918 act was passed it was understood that the Government would regularly appropriate £250,000 ($1,216,625, par) for the fund; in the estimates the amount needed for 1920 would have been £280,000 ($1,362,620, par), but the act of 1920 increased this sum to £350,000 ($1,703,275, par). It seems, therefore, that Parliament has committed itself to providing this amount regularly in the future, and the undertaking was largely made because of its great importance as an aid in reducing the infantile mortality rate aside from its value in protecting the health of the mothers.

THE VALUE OF THE BENEFITS.

The question as to what the insured person gets in return for his contribution has been computed by the actuaries in connection with the revision of the system introduced by the act of 1920. The insured man pays 5d. (10.1 cents, par) and the insured woman pays 4d. (8.1 cents, par) per week; to these amounts the employer adds 5d., making the total paid 10d. and 9d. (20.3 cents and 18.3 cents, par), respectively. Besides these payments, the State adds two-ninths of the cost of benefits (including expenses of administration of the societies and of the insurance committees) as well as certain special grants. The basis on which the rates have been calculated is that for an entrant of the age of 16, using the tables given on pages 47 and 48, prescribed by the valuation regulations of 1919. The portion of the contributions appropriate to each item of benefit is as follows, seven-ninths of the contribution being allotted:

WEEKLY CONTRIBUTION FOR SEVEN-NINTHS BENEFIT.

[Penny at par=2.03 cents.]

	Men. d.	Women. d.
Sickness benefit	3.02	2.68
Disablement benefit	1.11	.92
Maternity benefit	.68	.49
Medical benefit	1.92	2.01
Expenses of administration	.94	.98
Total	7.67	7.08

The amounts set aside for cancellation of reserve values and for the contingencies and central funds are described on page 40; the apportionment of the full contribution—10d. (20.3 cents, par) for men and 9d. (18.3 cents, par) for women—is as follows:

[Penny at par=2.03 cents.]

	Men. d.	Women. d.
To benefit fund (including administration)	$7\frac{2}{3}$	$7\frac{1}{12}$
To contingencies fund and central fund	$\frac{2}{3}$	$\frac{1}{2}$
To redemption of reserve values	$1\frac{2}{3}$	$1\frac{5}{12}$
Total	10	9

As only about one-seventh of the insured women remain in employment after marriage, there is a marked difference in the amounts necessary to be allotted to the two sexes. This comes out prominently in the case of the disablement benefit. The largest part of the contributions must be devoted to providing the sickness benefit, with medical benefit coming next in amount. The maternity benefit of 40s. ($9.73, par) calls for 0.68d. and 0.49d.(1.38 cents and 0.99 cent, par) of the contribution of men and of women, respectively. These amounts are about 9 per cent and 7 per cent, respectively, of the contributions.

The benefits described above, the redemption of the reserve values, and the two funds which are in effect reinsurance funds, therefore require the entire amount of the full contribution—namely, the 10d. and 9d. The normal benefits in the case of a person entering at age 16 are thus of equal value with the contributions; the State grant of two-ninths, in actual practice, counterbalances the charge on new entrants for both the contingencies fund and the redemption of reserved values, so that he receives the full amount of his contribution. This is increased by the fact that the contingencies funds belong entirely to his society, either to prevent a decrease of benefit in case of deficiency or to provide extra benefits in case of surplus. Another factor of increase is the State grant for the women's equalization, which will after 1920 be about £450,000 ($2,189,925, par). Considering all these items, the actuaries who made the estimates for the 1920 act state that the full value of the benefits is equivalent, in the case of a man, to 10.6d. (21.5 cents, par) per week as against a contribution of 10d. (20.3 cents, par), half of which is paid by the employer; while in the case of women the value of the benefits is 10.1d. (20.5 cents, par) per week as against a contribution of 9d. (18.3 cents, par), 5d. of which is paid by the employer. Stated very briefly

and without endeavoring to be minutely accurate, the insured man pays 5d. and receives 10.6d weekly; the insured woman pays 4d. and receives 10.1d. weekly.

RESERVE SUSPENSE FUND.

If a member of an approved society ceases to be an insured person, then his transfer value is placed in a special fund called the reserve suspense fund. This fund must be kept in two accounts, one for men and one for women. Whenever a person enters the insurance, his (or her) reserve value is provided out of the sums standing in the reserve suspense fund. This fund must be invested in the same manner as the assets of the National Health Insurance Fund.

THE ACTUARIAL VALUATION.

The act of 1911 provided that a valuation of the assets and liabilities of the carriers should be made every three years; this short period was originally adopted in order that changes in benefits or the assessment of a levy might be made quickly in case a deficiency should occur in the operations of the approved societies under the act. The committee of 1916 found that this brief period was for all practical purposes an unnecessary burden on the societies and recommended a five-year period. This was adopted by Parliament and the act of 1918 required that a valuation should be made every five years at least, and oftener if the commissioners so decide. The first valuation was taken as of December 31, 1918, and a preliminary report of the results was issued in March, 1921, under the title "Interim report of the Government actuary upon the valuation of the assets and liabilities of approved societies as at 31st December, 1918," being Command Paper No. 1130 of 1921. The main features of this report are given below.

The plan used in making the valuation is set forth in Statutory Rules and Orders No. 1119 of 1919, entitled "National insurance valuation regulations, 1919," printed in September, 1919. These regulations give specific instructions to be followed in computing the value of benefits, contributions, investments, etc.; they are the usual rules followed by actuaries in such valuations and are given in detail in order to secure absolute uniformity in all cases. Of special importance, however, are the four tables appended to these regulations, showing (1) the expectancy of life, (2) the expectancy of sickness and disablement, (3) the "issue rate" to indicate liability for maternity benefit, and (4) the expectancy of marriage. These four tables are as follows:

LIFE TABLE: PROBABILITY THAT A PERSON OF AN EXACT AGE AS SHOWN IN THE FIRST COLUMN WILL SURVIVE ONE YEAR.

[Source: National Insurance Valuation Regulations, 1919. Statutory Rules and Orders, 1919, No. 1119. London, 1919. Page 9.]

Age.	Men.	Women.	Age.	Men.	Women.
16	0.99699	0.99738	62	0.96313	0.97099
17	.99689	.99730	63	.96018	.96841
18	.99678	.99722	64	.95699	.96560
19	.99666	.99713	65	.95352	.96254
20	.99654	.99703	66	.94976	.95922
21	.99642	.99693	67	.94569	.95560
22	.99629	.99682	68	.94129	.95167
23	.99615	.99670	69	.93653	.94742
24	.99600	.99657	70	.93138	.94282
25	.99585	.99644	71	.92582	.93783
26	.99568	.99630	72	.91982	.93243
27	.99550	.99615	73	.91335	.92660
28	.99531	.99598	74	.90637	.92030
29	.99510	.99581	75	.89886	.91349
30	.99489	.99563	76	.89078	.90614
31	.99466	.99544	77	.88210	.89822
32	.99441	.99523	78	.87276	.88968
33	.99414	.99501	79	.86273	.88047
34	.99386	.99478	80	.85197	.87054
35	.99356	.99454	81	.84043	.85983
36	.99323	.99428	82	.82806	.84829
37	.99287	.99401	83	.81480	.83585
38	.99249	.99372	84	.80060	.82245
39	.99208	.99342	85	.78541	.80800
40	.99163	.99310	86	.76916	.79241
41	.99115	.99277	87	.75178	.77559
42	.99063	.99241	88	.73320	.75744
43	.99007	.99203	89	.71336	.73786
44	.98946	.99162	90	.69219	.71672
45	.98880	.99118	91	.66961	.69388
46	.98809	.99071	92	.64554	.66920
47	.98732	.99019	93	.61989	.64253
48	.98648	.98963	94	.59258	.61371
49	.98556	.98901	95	.56353	.58257
50	.98457	.98833	96	.53266	.54894
51	.98349	.98757	97	.49989	.51263
52	.98231	.98673	98	.46515	.47345
53	.98103	.98579	99	.42887	.43122
54	.97964	.98474	100	.38950	.38579
55	.97813	.98357	101	.34850	.33703
56	.97649	.98227	102	.30534	.28491
57	.97470	.98083	103	.26000	.22960
58	.97276	.97923	104	.21246	.17164
59	.97064	.97745	105	.16270	.11222
60	.96834	.97549	106	.11071	.05363
61	.96584	.97334			

AVERAGE NUMBER OF WEEKS' SICKNESS AND DISABLEMENT BENEFITS PAYABLE PER MEMBER WITHIN ONE YEAR.

[Source: National Insurance Valuation Regulations, 1919. Statutory Rules and Orders, 1919, No. 1119. London, 1919. Page 10.]

Age.	Men.		Women.		Age.	Men.		Women.	
	Sickness.	Disablement.	Sickness.	Disablement.		Sickness.	Disablement.	Sickness.	Disablement.
16	0.938	.....	1.154	.....	43	1.104	0.640	1.258	0.772
17	.920	.....	1.137	.....	44	1.134	.687	1.286	.823
18	.888	0.038	1.104	0.051	45	1.166	.740	1.316	.882
19	.849	.054	1.063	.071	46	1.202	.799	1.349	.948
20	.814	.071	1.025	.094	47	1.244	.870	1.388	1.027
21	.788	.089	.995	.119	48	1.290	.955	1.431	1.120
22	.773	.108	.976	.144	49	1.340	1.055	1.478	1.229
23	.769	.127	.968	.170	50	1.395	1.172	1.528	1.359
24	.769	.143	.965	.190	51	1.449	1.311	1.579	1.509
25	.773	.158	.967	.209	52	1.507	1.465	1.633	1.676
26	.776	.170	.968	.225	53	1.568	1.639	1.691	1.865
27	.779	.182	.971	.238	54	1.639	1.828	1.756	2.070
28	.787	.190	.977	.250	55	1.716	2.035	1.829	2.292
29	.797	.201	.985	.263	56	1.798	2.264	1.907	2.538
30	.808	.214	.995	.279	57	1.887	2.518	1.992	2.890
31	.822	.230	1.006	.299	58	1.979	2.806	2.080	3.117
32	.837	.249	1.018	.323	59	2.074	3.147	2.171	3.480
33	.851	.271	1.031	.348	60	2.179	3.553	2.270	3.913
34	.867	.293	1.045	.374	61	2.292	4.044	2.378	4.436
35	.885	.319	1.061	.404	62	2.409	4.633	2.490	5.061
36	.905	.348	1.079	.438	63	2.529	5.316	2.604	5.786
37	.928	.382	1.099	.478	64	2.650	6.087	2.719	6.603
38	.955	.420	1.122	.523	65	2.769	6.946	2.835	7.509
39	.983	.463	1.147	.572	66	2.894	7.899	2.953	8.518
40	1.012	.507	1.174	.621	67	3.020	8.971	3.074	9.651
41	1.043	.551	1.202	.671	68	3.142	10.183	3.191	10.932
42	1.073	.595	1.230	.720	69	3.247	11.543	3.292	12.368

NOTE.—The above are "central rates," i. e., the ratios of the total number of weeks of sickness or disablement benefit payable during the year of age following the exact age given in the table to the number of persons alive in the middle of that year of age.

The above figures for England give an average of about $1\frac{3}{4}$ weeks of sickness per insured person per annum; this would be raised to about 2 weeks of disability per annum if account were taken of (a) the 4 days of waiting time before sickness benefit becomes payable; (b) accidents; and (c) other sicknesses on account of which benefit is not paid. Under English conditions, therefore, the insurance system must make financial provision for each insured person being incapacitated for from $1\frac{3}{4}$ to 2 weeks each year.

MATERNITY BENEFIT: PROBABILITY OF ISSUE TO A MEMBER DURING ONE YEAR.

[Source: National Insurance Valuation Regulations, 1919, Statutory Rules and Orders 1919, No. 1119. London, 1919, p. 11.]

Age.	Men.	Married women.[1]	Spinsters and widows.[1]	Age.	Men.	Married women.
16	.....	0.4000	0.0019	43	0.0734	0.0499
17	.....	.6000	.0062	44	.0635	.0343
18	0.0015	.6900	.0087	45	.0544	.0215
19	.0089	.6700	.0099	46	.0464	.0119
20	.0271	.6030	.0105	47	.0394	.0056
21	.0533	.5336	.0107	48	.0333	.0021
22	.0803	.4759	.0106	49	.0279	.0006
23	.1046	.4291	.0102	50	.0233	.0001
24	.1260	.3909	.0095	51	.0193	.....
25	.1440	.3592	.0084	52	.0159	.....
26	.1588	.3327	.0072	53	.0130	.....
27	.1704	.3105	.0057	54	.0107	.....
28	.1791	.2916	.0042	55	.0086	.....
29	.1848	.2753	.0028	56	.0069	.....
30	.1877	.2608	.0015	57	.0055	.....
31	.1882	.2474	.0007	58	.0045	.....
32	.1860	.2344	.0002	59	.0036	.....
33	.1815	.2213	.0000	60	.0029	.....
34	.1747	.2080	.....	61	.0024	.....
35	.1661	.1940	.....	62	.0019	.....
36	.1558	.1788	.....	63	.0015	.....
37	.1444	.1622	.....	64	.0011	.....
38	.1323	.1444	.....	65	.0008	.....
39	.1200	.1256	.....	66	.0006	.....
40	.1076	.1062	.....	67	.0004	.....
41	.0956	.0866	.....	68	.0002	.....
42	.0841	.0676	.....	69	.0001	.....

[1] Provision for posthumous births is made in the rates applicable to married women and not in the rates applicable to widows.

NOTE.—The above are "central rates," i. e., the ratios of the number of maternity benefits payable in the year of age following the exact age given in the table to the number of persons alive in the middle of that year of age.

PROBABILITY OF MARRIAGE (WOMEN) AND OF BECOMING A WIDOW.

[Source: National Insurance Valuation Regulations, 1919, Statutory Rules and Orders, 1919, No. 1119. London, 1919, p. 12.]

Age.	Probability of marriage. (Spinsters and widows.)	Probability of becoming a widow.	Age.	Probability of marriage. (Spinsters and widows.)	Probability of becoming a widow.
16	0.0071	0.0041	43	0.0135	0.0129
17	.0164	.0041	44	.0121	.0138
18	.0309	.0042	45	.0109	.0147
19	.0494	.0043	46	.0098	.0156
20	.0689	.0044	47	.0088	.0166
21	.0866	.0045	48	.0079	.0177
22	.1005	.0046	49	.0071	.0190
23	.1085	.0047	50	.0063	.0205
24	.1112	.0048	51	.0056	.0221
25	.1091	.0050	52	.0049	.0238
26	.1035	.0052	53	.0043	.0255
27	.0955	.0054	54	.0037	.0272
28	.0862	.0056	55	.0033	.0290
29	.0766	.0058	56	.0028	.0309
30	.0672	.0061	57	.0024	.0329
31	.0586	.0064	58	.0021	.0351
32	.0509	.0067	59	.0018	.0376
33	.0443	.0070	60	.0016	.0406
34	.0386	.0073	61	.0014	.0441
35	.0338	.0077	62	.0012	.0479
36	.0298	.0081	63	.0010	.0517
37	.0264	.0086	64	.0009	.0555
38	.0234	.0091	65	.0008	.0594
39	.0208	.0097	66	.0007	.0632
40	.0186	.0104	67	.0006	.0673
41	.0167	.0112	68	.0005	.0715
42	.0150	.0120	69	.0004	.0762

NOTE.—The above are "central rates," e. g. the probability of marriage of a spinster or a widow is the ratio of the number of marriages in a year of age following the exact age given in the table to the number of spinsters and widows alive in the middle of that year of age.

The preliminary report on the valuation above referred to covers about 40 per cent of the valuations and includes 5,036 societies and branches, with 2,752,308 members. The general results of the valuations may be summarized as follows:

In the case of 4,878 societies and branches, comprising 2,704,371 members, the valuations have disclosed surpluses, the aggregate amount of the surpluses being £3,609,248 [$17,564,405, par]. Deficiencies have been found on the valuations of 155 societies and branches having a membership of 47,539. The total amount of the deficiencies is £15,974 [$77,737, par]. In three cases, with a total membership of 398, the assets and liabilities balance exactly.

The following table shows the results of these valuations:

PARTIAL REPORT OF RESULTS OF THE VALUATIONS OF APPROVED SOCIETIES, DECEMBER 31, 1918.

[Source: Interim report by the Government actuary upon the valuation of the assets and liabilities of approved societies as at 31st Dec., 1918. London, 1921. Cmd. 1130, p. 4. £ at par=$4.8665.]

Country.	Valuations showing surpluses.			Valuations showing deficiencies.			Valuations showing an exact balance of assets and liabilities.	
	Number of societies and branches.	Number of members.	Total amount of surpluses.	Number of societies and branches.	Number of members.	Total amount of deficiencies.	Number of societies and branches.	Number of members.
England	4,224	2,027,321	£2,816,479	117	33,836	£10,517	3	398
Scotland	333	270,768	490,279	4	802	369	.....	.....
Ireland	104	185,605	174,319	6	8,580	3,257	.....	.....
Wales	217	220,677	128,171	28	4,321	1,831	.....	.....
United Kingdom.	4,878	2,704,371	3,609,248	155	47,539	15,974	3	398

This table gives the results of the valuations for the entire membership. As the benefits vary for men and for women, the composition of the membership is of importance. As many societies admit both men and women and insure them in a common fund, it was not possible to separate the data completely for the sexes. From the available information, the following table was compiled:

PARTIAL REPORT OF THE RESULTS OF THE VALUATIONS OF APPROVED SOCIETIES, BY CLASS OF MEMBERSHIP, DECEMBER 31, 1918.

[Source: Interim report by the Government actuary upon the valuation of the assets and liabilities of approved societies as at 31st Dec., 1918. London, 1921. Cmd. 1130, p. 4. £ at par=$4.8665.]

Class.	Valuations showing surpluses.						Valuations showing deficiencies.					
	Number of societies and branches.				Number of members.	Total amount of surpluses.	Number of societies and branches.				Number of members.	Total amount of deficiencies.
	England.	Scotland.	Ireland.	Wales.			England.	Scotland.	Ireland.	Wales.		
Men only [1]	2,519	85	34	99	1,029,362	£1,604,516	66	1	2	12	16,999	£6,087
Women only	297	26	4	1	170,562	169,056	17	.....	.....	.....	4,397	1,466
Men and women in common insurance	1,408	222	66	117	1,504,447	1,835,676	34	3	4	16	26,143	8,421
Total	4,224	333	104	217	2,704,371	3,609,248	117	4	6	28	47,539	15,974

[1] In England there are also three cases with 398 members in which the assets and liabilities balance exactly.

The most conspicuous result of the valuations is that the amount of the surpluses is quite large, while the amount of the deficits is relatively insignificant. The Government actuary states that conditions which have prevailed during the war "have greatly affected the finance of national health insurance, and it is evident that to a material extent the surpluses now declared are due to this cause." He sums up the principal factors which have entered into the production of the surpluses as follows:

(*a*) The claims for sickness, disablement, and maternity benefits have been considerably below the provision made for the expenditure under these heads in the financial basis of the acts.

As regards the sickness and maternity benefits much of the resulting gain is traceable to the fall in the claims which set in with the year 1915 and continued until 1918. No previous experience of friendly societies affords a parallel to this phenomenon, which is unmistakably connected with the war.

It is important to remember in this connection that the supernormal experience of men who were invalided from the forces has been met by an annual grant from the exchequer. The relatively heavy liability of married women, which at one time attracted attention, has also been corrected by an annual grant from public funds. In respect, therefore, of both men and women, the societies have been protected from elements of liability that were outside the scope of the original estimates, and accordingly reap the full advantage of the favorable experience which has prevailed.

In the case of disablement benefit the claims have steadily risen, as they must do for some years to come, since disablement benefit represents the provision for more or less permanent incapacity among a community all of whose members were in employment on first entering into insurance, in or after the year 1912. The increase in the cost of disablement benefit has, however, been considerably less than that anticipated, though it should be added that this feature is much less noticeable in the case of women than it is in the case of men.

(*b*) The interest realized on the investments of the accumulated funds has been appreciably in excess of the valuation rate of 3 per cent. Interest at this rate is credited in respect of reserve values, which at present form the major part of the assets of approved societies, but the great bulk of the funds accumulated since 1912 has been invested in Government securities producing, especially since the war, a much higher rate. Approved societies are exempt from income tax on interest, and therefore obtain the full benefit of the high rates of interest at which they have been enabled to invest.

The element of depreciation had not up to the valuation date become a serious factor, and the valuation regulations provided that stock exchange securities held by societies should be taken at their cost prices. So far as the funds of societies consist, under statutory directions, of credits in the commissioners' investment account (comprising approximately 50 per cent of the total amount accumulated) the question of depreciation may be presumed, in any case, not to arise, since by appropriate regulations, prescribing the rate of interest allowed, provision may be made for the creation of sufficient reserves to protect the fund. The rate of interest at present allowed in respect of these credits is 4 per cent, leaving, it is understood, a suitable margin for the purpose here indicated.

(*c*) The receipts from contributions in many cases have exceeded the "expectation." Contributions are not payable in periods of sickness or unemployment, and it follows that in years when sickness is below the average and employment abundant the receipts from contributions show a considerable gain to societies. These conditions prevailed generally up to 31st December, 1918.

(*d*) "War mortality," in the case of men, has added greatly to surplus. The liabilities of societies have been reduced by deaths of which there had been no expectation, while the credits given, and the funds accumulated, to meet those liabilities remain intact.

While much of the favorable sickness and disablement experience of the societies has been due to war conditions, the actuary also ascribes part of it to the favorable environment and the nature of the occupations of many of the insured persons. Thus the membership of rural societies and of societies including such occupations as bank clerks, journalists, teachers, etc., have shown favorable results.

Another feature which has aided in producing the surplus, or at any rate which affects the result, is the quality of administration of the societies. In some of the cases of deficiencies and of small surplus, the quality of administration has been clearly the cause of the unfavorable results.

Disposition of the surplus.—Under the insurance acts a society is authorized to submit a plan for the distribution of the surplus in the form of additional benefits, provided that the actuary certifies the surplus to be disposable. It is recommended that appropriate plans for this purpose be approved, but that such additional benefits shall be restricted to five-year periods—that is, to the period of the quinquennial valuation.

In certifying a surplus as disposable, the per capita reserve for the legal benefits is taken as 11s. ($2.68, par) for men and 9s. ($2.19, par) for women. In only a few cases has the surplus been shown to be smaller than this reserve and of course in such instances the surplus is not disposable. In the great majority of cases the balance available for distribution is considerable, the total amount certified as disposable being £2,171,576 ($10,567,975, par), or on the average 62 per cent of the related surpluses.

The disposable surpluses are classified by country and by type of society in the table following, reproduced from the interim report of the Government actuary.

DISPOSABLE SURPLUSES, BY SEX OF MEMBERSHIP AND BY COUNTRY.

[Source: Interim report by the Government actuary upon the valuation of the assets and liabilities of approved societies as at [illegible]. London, 1921. Cmd 1130. Page 7. £ at par=$4.8665.

Sex of membership, and country.	Number of societies and branches.	Number of members.	Amount of disposable surplus.
SEX.			
Men only	2,391	942,289	£977,116
Women only	270	147,575	103,764
Men and women in common insurance	1,649	1,242,310	1,090,696
Total	4,310	2,332,174	2,171,576
COUNTRY			
England	3,753	1,860,584	1,700,788
Scotland	314	267,075	322,233
Ireland	85	137,932	106,571
Wales	158	66,583	41,984
United Kingdom	4,310	2,332,174	2,171,576

According to the preceding table the valuations included in the interim report show that 85 per cent of the insured persons in the societies covered by the report are in a position to receive additional benefits.

Amount of additional benefits.—Some of the additional benefits permissible under the law are not capable of being measured by actuarial computation, but in the case of the normal pecuniary benefits such estimates can be made with a reasonable degree of accuracy. Such a calculation has been made on the assumption that all of the

available surplus is used for additions to the existing pecuniary benefits on the following basis:

1s. (24.3 cents, par) a week additional sickness benefit.
6d. (12.2 cents, par) a week additional disablement benefit.
2s. (48.7 cents, par) additional maternity benefit.

On this basis the following table shows the number of persons in whose cases the disposable surplus admits, if applied wholly to this purpose, of the payment of each rate of additional sickness benefit from 1s. (24.3 cents, par) to 5s. ($1.22, par), with corresponding additional disablement and maternity benefits according to the proportion given in the preceding paragraph.

NUMBER OF INSURED PERSONS WHO CAN BE GRANTED ADDITIONAL BENEFITS OF VARYING AMOUNT, ON THE RESULTS OF VALUATIONS OF APPROVED SOCIETIES, DECEMBER 31, 1918.

[Source: Interim report by the Government actuary upon the valuation of the assets and liabilities of approved societies as at 31st Dec., 1918. London, 1921. Cmd. 1130. Page 8. Shilling at par=24.3 cents; penny=2.03 cents.]

Additional benefits.			England.		Scotland.		Ireland.		Wales.		United Kingdom.	
Sickness (per week).	Disablement (per week).	Maternity.	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.	Men.	Women.
s. d.	*s. d.*	*s.*										
1 0	0 6	2	114,328	46,257	8,050	4,788	21,656	6,913	12,311	1,712	156,345	59,670
1 6	0 9	3	110,295	44,315	10,450	1,133	2,507	278	17,996	6,088	141,248	51,814
2 0	1 0	4	324,966	46,410	16,037	11,509	2,710	1,182	5,278	1,055	348,991	60,156
2 6	1 3	5	161,338	49,763	8,999	4,992	17,600	10,589	7,261	971	195,198	66,315
3 0	1 6	6	166,380	30,890	11,297	6,012	5,798	2,508	4,360	2,255	187,835	41,665
3 6	1 9	7	154,337	31,583	13,563	7,669	21,502	18,027	1,042	186	190,444	57,465
4 0	2 0	8	159,631	24,689	17,688	20,435	2,516	864	780	28	180,615	46,016
4 6	2 3	9	103,382	16,022	17,788	4,478	660	356	585	24	122,415	20,880
5 0	2 6	10	170,341	22,552	90,943	4,256	6,278	4,550	2,304	197	269,866	31,555
Total.....			1,464,998	312,481	194,815	65,272	81,227	45,267	51,917	12,516	1,792,957	435,536

NOTE.—In the case of certain societies and branches with a total membership of 103,681 (55,566 men and 48,115 women) the disposable surplus is insufficient to provide for additional money benefits under the above general plan and must be applied to other forms of additional benefit.

The point of special interest in the table is the large number of persons who come in the line in which the highest rate—5s. sickness benefit, etc.—is given.

Deficiencies.—In the case of the societies having a deficiency, the actuary reports that it seems probable that the contingencies funds will be sufficient to make good all the claims that may be made upon them.

GENERAL ADMINISTRATION.

The insurance system is managed by three bodies, the Ministry of Health in England and Wales, the Scottish Board of Health, and the Irish Insurance Commissioners. Parliament fixes the limits of their powers, but for all practical purposes it may be said that the three systems of administration are independent, though acting under the same laws.

In the present account of the administration the system used for England and Wales will be followed, as the Scottish and Irish systems follow the same general plan, but with numerous variations to adjust

it to the needs of those countries. The total number of insured persons in the United Kingdom in 1920 was about 15,850,000, of whom about 13,380,000 were residents of England and Wales, so that about 85 per cent of the insured persons are subject to the Ministry of Health.

Under the ministry the principal part of the work of the insurance system is carried on by two sets of organizations; the medical benefit and the sanatorium benefit (in part) are administered by the insurance committees, there being one such body for each administrative area; the other benefits, the pecuniary, are provided through voluntary organizations called "approved societies," whose membership, the insured persons, is scattered throughout the country.

Aiding the ministry is an independent, federated body called the National Health Insurance Joint Committee, composed of representatives from the four countries, whose chief function is to decide on matters common to all the countries and more particularly the actuarial problems.

Under the ministry are two advisory bodies entitled "consultative councils," whose function is to give advice and assistance to the minister.

Mention should also be made of a special organization called the deposit contributors' fund, intended to provide benefits for such persons as do not join the "approved societies."

MINISTRY OF HEALTH.

The 1911 act provided that the insurance system should be administered by four boards, entitled "insurance commissioners," there being one for each of the four countries of the United Kingdom. These bodies continued in control of the system until July 1, 1919, when the new Ministry of Health took charge of affairs in England and Wales. The act[4] creating the new ministry was approved on June 3, 1919, the ministry came into being on June 25, and the powers and duties of the insurance commissioners (England) and the Welsh insurance commissioners were transferred to it on July 1, 1919. A number of other national authorities were placed under the jurisdiction of the minister, the most important being the local government board; but for present purposes, the authority over health insurance matters only need be considered.

The establishment of the ministry was the result of an agitation of several years for a centralization of the health activities of the National Government. The war brought clearly before the country the need for greater activity in preserving and improving the standard of health of the people; as in the United States, the military service acts showed in Great Britain a very high proportion of men below the standard of physique ordinarily required for military service; the infant mortality rate had been characterized by Mr. Lloyd George as "disgraceful;" the shortage of housing was so acute as to become a menace to public health, and other problems equally pressing were calling for action. In most of these matters earnest efforts had been made to ameliorate the evils connected with them, usually by creating a separate organization to handle the problem. In 1919 it

[4] A summary of the act is given in the MONTHLY LABOR REVIEW for August, 1919, pp. 227, 228. The text of the act is given in Public Health Reports, Oct. 10, 1919, pp. 2233–2241.

was not difficult to prove that the large number of authorities working on matters such as the above were wasting much effort and money by the lack of a central controlling authority to prevent overlapping and to require cooperation in work. It is not easy to state how much influence the facts brought out by the operation of the insurance system had in focusing attention on health problems, but one of the members of the committee which investigated the insurance system could say with entire propriety as early as 1914 that—

> The national insurance act has done great service in bringing to light a mass of suffering and a number of social evils, as to which the nation as a whole was ill-informed or indifferent. It will now be substantially easier than in 1911, both on account of the new knowledge available and of the state of public opinion, to make adequate provision to advance the health of the community.

A later report of the Ministry of Reconstruction made a similar statement.

The original act of 1911 placed the control of the system in England in the hands of a body entitled "the insurance commissioners"; this board was appointed by the treasury, and in 1911 consisted of nine members, one of whom was a woman. In general they represented the friendly societies, the trade-unions, the medical profession, etc. Their work was summarized as follows:

1. To deal with the approved societies.
2. To deal with the collection of contributions and the receipt and issue of funds, and to make the necessary accounting arrangements.
3. To deal with the insurance committees.
4. To deal with the provisions of the act as affecting individual insured persons and classes of insured persons.
5. To control and organize the work of the outdoor staff (the field force) of the commission.

The Ministry of Health took over the employees and property of the commissioners and have in general continued the work on the lines as established by their predecessors. The duties of the ministry are so numerous that they can be stated as being that of the supervision and administration of the system for England and Wales.

NATIONAL HEALTH INSURANCE JOINT COMMITTEE.

Since July 1, 1919, this committee has been composed of the Minister of Health as chairman, the Secretary for Scotland, the Chief Secretary for Ireland, and one other person appointed by the Minister of Health, having special knowledge and experience of national health insurance in Wales.

This committee makes financial adjustments between the health insurance funds of the different countries, has charge of the actuarial valuation of the approved societies, has charge of the approval of societies operating in more than one country, etc. The most important part of their work is that relating to actuarial questions.

CONSULTATIVE COUNCILS.

Section 4 of the Ministry of Health act authorized the appointment of consultative councils in England and Wales for the purpose of giving advice and assistance to the minister in connection with such matters affecting or incidental to the health of the people as may be referred to in the order in council establishing them. Every such

council must include women as well as men and must consist of persons having practical experience of the matters referred to it.

Four such councils are authorized, one of which is entitled "consultative council on national health insurance" (approved societies' work). It consists of 20 members.

The council is required to discuss and report on matters referred to it by the minister, or it may on its own motion report to the minister on any subject within its field.

In the discussions in Parliament on the act of 1920 the minister made a special acknowledgment of the value of the services rendered by the council in the preparation of the bill.

INSURANCE COMMITTEES.

Medical, and, in part, sanatorium benefits are administered by the insurance committee, there being one such committee for each county or county borough. Cooperating with this committee are the local medical committee, the panel committee, and the pharmaceutical committee; these three committees provide a means for securing proper expression of the opinion of the medical profession and of the pharmaceutical profession in matters relating to the insurance.

The insurance committee must consist of not less than 40 or more than 80 members, consisting of the following persons: (1) Three-fifths of the membership must be representatives of the insured persons; (2) one-fifth must be appointed by the council of the county; (3) two members shall be elected by the association representing the medical profession in the area; (4) one to three members, who are duly qualified medical practitioners, shall be appointed by the council of the county; (5) other members appointed by the minister.

A number of the members must be women.

The constitution and by-laws of the insurance committee, the regulations as to their employees, and their proceedings generally are to be prescribed by the minister or must be approved by him.

In certain cases the area covered by an insurance committee must be subdivided, and a "district insurance committee" must be created. These have similar powers and duties. In the same manner insurance committees may be consolidated at the discretion of the minister.

Besides the administration of the medical benefit, the powers and duties of the insurance committees are:

1. They must make reports on the health of the insured persons in the area subject to their jurisdiction; the minister may transmit to the councils of the county (county borough), etc., copies of reports made by the committee.

2. They must make provision for the giving of lectures and the publication of information on questions relating to health as they deem desirable.

3. They must keep records and accounts in the form prescribed by the minister.

The legal position of an insurance committee is that of a body corporate. It has perpetual succession, a common seal, may sue and be sued, and, subject to the approval of the ministry, may take, purchase, and hold land for purposes within the terms of the insurance laws.

The local medical committee is a voluntary organization of medical practitioners for the purpose of representing their interests under the system. If the minister is satisfied that such a committee is properly representative of the profession, he may give it official recognition and require the insurance committee to consult it on all general questions affecting the administration of the medical benefit, including such matters as giving attendance and treatment to insured persons.

The panel committee is composed of physicians who have agreed to serve as panel doctors. Where the insurance committee is required by law or regulation to ascertain the opinion of the panel doctors as to matters of the medical benefit, it must do so by consulting with the panel committee, which shall also perform such duties as may be prescribed by the minister. If no local medical committee has been given official recognition in any area, then the panel committee may be recognized in its stead.

The pharmaceutical committee is a body in each county (or county borough) required to be elected by the persons, firms, corporations, etc., who have agreed to supply drugs, medicines, and appliances to insured persons. It must, subject to certain regulations, be consulted by the insurance committee in regard to the supply of drugs, medicines, and appliances. It may also perform such other duties as the minister may prescribe.

These committees must have travel and subsistence expenses paid while attending meetings. For this purpose the insurance committee may allot an annual sum of not more than 1d. (2 cents, par) per insured person in the area represented.

Income of committees.—The act of 1911 (sec. 15, par. 6) provided that there should be paid each year to the insurance committee for each county, etc., out of the moneys credited to a society which has members in that area, such sum in respect of the medical benefit of such members and its cost of administration as might be agreed upon between the societies and the committee. In default of an agreement decision was to be made by the commissioners. Under the act of 1920 this was changed, so that beginning with January 1, 1920, there is to be paid each year to insurance committees in Great Britain, out of the funds for the payment of benefits on account of medical benefit, a sum of 9s. 6d. ($2.31, par), and on account of the administrative expenses of the insurance committees such sum not exceeding 4d. (8.1 cents, par), as may be prescribed in respect of each of the total number (calculated in the prescribed manner) of the persons who are entitled to medical benefit as being or having been members of an approved society.

The distribution of the money derived on this basis is provided for by the medical benefit regulations of 1920. The amounts to be paid the doctors are divided into two parts—the central practitioners' fund and the mileage fund. The distribution is arranged by a distribution committee, consisting of practitioners and others, appointed by the minister, and their plans must be approved or may be revised by him. On the basis of the distribution of the insured population, these sums are allotted to the various insurance committees, though in some cases no mileage grant is given. Special arrangements are made for payments to institutions (hospitals, dispensaries, etc.) which provide medical benefit to insured persons.

According to the medical regulations, the payments to the panel doctors for their services may be made on any of the following plans:

1. A capitation system or plan of payment on the basis of the number of insured persons on the doctor's list.
2. An attendance system or plan of payment on the basis of service (or visits) actually rendered.
3. A combined system, in which capitation payments are made, together with payment for special classes of service actually rendered.
4. Any modification of the preceding plans which the minister may approve.

Part of the money collected for medical benefit is used for the payment of expenses in providing drugs, medicines, appliances, etc. Each insurance committee must report to the minister, at definite times and in regular form, the amounts payable by them to persons supplying drugs, etc. The minister then credits to the committee the sums necessary, which they must keep in an account called the drug fund and meet the bills due from it.

APPROVED SOCIETIES.

At the time of the enactment of the law of 1911, Great Britain was covered by a network of friendly societies, trade-unions, sick clubs, establishment funds, and similar voluntary organizations which provided a variety of benefits for sickness, accidental injury, death, unemployment, and the like. Many of these societies had a long history of usefulness in providing relief from distress from these causes and had developed a spirit of friendly aid to fellow members—the "friendly society spirit"—which made them valuable and efficient agencies for the protection of the standard of life in the communities in which they operated. Their special activities were insurance or relief in cases of sickness, death, and unemployment, and their members had had long experience in the handling of such insurance. The suggestion of broadening the activities of these organizations into a national plan of insurance had been discussed for many years and in 1908 crystallized into a promise by the Liberal Party that such a plan would be offered to Parliament. When the plan was drafted, it was decided to use these societies as carriers of the insurance, but in the process to interfere with their activities as little as possible. In fact, the competition between these societies for members and their rivalry in offering benefits and securing good administration were referred to as desirable qualifications for the work to be undertaken. The fact that many of them had political, denominational, and social purposes was well understood from the start, and they were offered participation in the insurance with this fact in view. The only fundamental requirement exacted was that they should not be operated for profit and that they should be democratically managed.

The first step undertaken was to secure the cooperation of a sufficiently large number of societies to bring the insurance within the reach of the population to be insured. Part of this work was readily accomplished because of the existing machinery of the societies for reaching their members through meetings, periodicals, etc. To act as a carrier of the insurance, these societies had to be designated as "approved societies" by the higher authorities, namely, the Ministry

of Health for England and Wales, and the corresponding bodies for Scotland and Ireland.

This approval is given to—

1. Any society, that is, any body of persons, corporate or unincorporate (not being a branch of another such body), registered or established under any act of Parliament or by royal charter.

2. Any society not so registered or established which has a constitution such as is prescribed by the ministry.

3. Any separate section established by any society for the purposes of the insurance acts, consisting of insured persons and so constituted as to comply with the requirements relating to approved societies.

4. Any new society.

5. Any establishment fund ("employers' provident funds"), subject to certain conditions.

The approval may be withdrawn for failure to comply with the laws, for offenses against any laws, or for maladministration of the society's affairs.

The first important part of securing approval is the submission of the constitution, laws, and regulations of the society. Copies of these documents must be submitted to the ministry, where they are examined to ascertain whether they comply with the insurance laws and regulations.

A frequent procedure is for a society to add a Part Two to its organization; this is popularly called the "State side," as distinguished from the "private side" for the conduct of the society's regular business. By this arrangement the society merely adds a new department to its organization; this additional department does not cause any change in the existing arrangements as to meetings, government, etc. An important feature of the approval of a society is the submission of their book of rules; these must receive special approval and no changes may be made without the consent of the ministry. For registered friendly societies, the approval of the chief registrar of friendly societies is also necessary.

The plan of organization of the societies is the one usually provided for such purposes; there must be a presiding officer, trustees, secretary, treasurer and committee of management. As the general executive officer, the secretary is the official with whom the insured persons come into frequent contact and he is the one who communicates with the insurance authorities. The treasurer is the custodian of the uninvested funds of the societies and makes all payments, for which authority must be given. The trustees have the duty of holding and being responsible for all deeds, documents of title, and investment securities. They are the authorities to sue and be sued on behalf of the society. The committee of management (board of directors, executive committee, etc.), is appointed by the members for the general policy and direction of the society's business and for the supervision of its operations. There must also be arrangements for a general meeting of members or for a series of district meetings in order that the requisite democratic control of the society may be assured. Careful records of the transaction of business relating to the state insurance must be kept on file and open to the inspectors and auditors of the ministry.

Membership.—Membership in a society, as far as the "State side" is concerned, is a matter of contract; the applicant, by sending in a

proposal for membership, offers to pay his contributions through the society and to conform to its rules. The society, by accepting this offer, undertakes to pay him his benefits. The various classes of members (contributors) are described on page 12. The termination of this contract occurs when the member ceases to be insured.

Types of societies.—An account of the various voluntary societies providing sickness insurance is given in the twenty-fourth annual report of the United States Commissioner of Labor (Vol. II, p. 1550 ff.) This description also gives a historical account of some of the more important societies and statistics of their operations down to 1909. By far the greater part of these organizations have elected to become approved societies and are at present providing State insurance. The latest available information as to the distribution of the insured persons among these societies in England is contained in the following table:

APPROXIMATE DISTRIBUTION OF MEMBERS OF APPROVED SOCIETIES AMONG THE VARIOUS GROUPS OF SOCIETIES FOR THE HALF YEAR ENDED JUNE, 1919.

[Source: Second annual report of the Ministry of Health, 1920–21. London, 1921. Cmd. 1446. Page 153.]

Type of society and sex of members	Friendly societies (branches).	Friendly societies (centralized).	Industrial and collecting societies.	Trade-unions.	Employers' provident funds.	Totals for all groups of societies.
Societies approved by joint committee:						
Men	2,006,000	1,339,000	2,848,000	789,200	41,500	7,023,700
Women	631,750	665,200	2,601,900	89,900	5,700	3,994,450
Total	2,637,750	2,004,200	5,449,900	879,100	47,200	11,018,150
Societies approved for operation in England only:						
Men	52,550	768,250	4,850	213,600	45,450	1,084,700
Women	15,800	194,450	3,900	114,150	18,850	347,150
Total	68,350	962,700	8,750	327,750	64,300	1,431,850
Total membership of approved societies in England:						
Men	2,058,550	2,107,250	2,852,850	1,002,800	86,950	8,108,400
Women	647,550	859,650	2,605,800	204,050	24,550	4,341,600
Total	2,706,100	2,966,900	5,458,650	1,206,850	111,500	12,450,000

Of the more than 12,000,000 insured persons in England, nearly one-half are members of the two classes of friendly societies, while over two-fifths are in the societies conducted by the industrial insurance companies and in the societies called "collecting societies." The trade-unions rank third in the number of persons included. In the case of insured women it will be noted that over one-half of them are included in the combined group of commercial insurance companies' societies and collecting societies.

The almost infinite variety of organizations used as carriers is illustrated by the names of the societies which sent witnesses to testify before the departmental committee of 1916; a few of these names, picked out at random, are:

Presbyterian Health Insurance Society.
General Federation of Trade Unions.
United Ancient Order of Druids Friendly Society.
National Union of Railwaymen's Approved Society.
British Steel Smelters' Mill, Iron and Tinplate Workers' Approved Society.

Independent Order of Odd Fellows, Manchester Unity Friendly Society.
Dublin Catholic Young Men's Insurance Society.
Amalgamated Union of Cooperative Employees.
Scottish Women's Friendly Society.
Hearts of Oak Benefit Society.
National Union of Women Workers of Great Britain and Ireland.
National Federation of Women Workers.
"Achei Brith" (Brethren of the Covenant) Friendly Society.
Teachers' Provident Society.
Prudential Approved Societies.
Order of Sons of Temperance Friendly Society.
St. Finbarr's Diocesan Health Insurance Society.
Dublin Protestant Insurance Society.
Scottish Rural Workers' Friendly Society.
Association of Approved Society Secretaries.
Bradford Municipal Officers' Health Insurance Society.
Durham Miners' Association Approved Society.
Orange and Protestant Friendly Society.
Scottish Clerks' Association.

Transfers between societies.—When an insured person desires to give up his membership in one society and to join another, he is entitled to make this transfer, subject to certain restrictions. These restrictions are placed solely for the purpose of reducing the administrative work, which is rather heavy, involved in making the changes in the records of the society. A member may not, for instance, make the change except at prescribed times, usually at the end of a contribution period and at intervals not greater than 27 weeks. To protect a society which has a deficiency or which for other reasons objects to such a transfer, the commissioners may, on receipt of objection from the society and after giving the member opportunity to state his reasons, decline to authorize such transfer. A society may also, subject to the consent of the commissioners (i. e., the ministry), forbid any transfers for a period of not more than one year after a valuation which has shown a deficiency. If a person has been a member of a society for less than two years, a fee may be charged for the transfer. The restrictions are designed to prevent frivolous changes, but at the same time there is no desire to hinder members from joining organizations which provide greater advantages because of better management. When a person transfers his membership, he takes with him the accumulated rights of reserve values; these are called "transfer values" and are given in a series of tables published in the 1918 compilation of laws and regulations on pages 282 to 295. Two comparatively recent regulations have been issued, containing the rules for modifying these tables to make them conform to the 1920 act. The tables are too extensive to reproduce here.

ASSOCIATIONS OF SOCIETIES.

The law as planned did not exclude a society whose membership was too small to afford an adequate basis for the insurance from joining the system. They were, however, required to make some sort of pooling arrangements with other small societies as a measure of reinsurance. The 1911 act placed 5,000 members as the smallest number with which a society might operate independently, but the act of 1918 reduced this number to 1,000.

The smaller societies are required to join a central association, under the rules prescribed by the Ministry of Health; the association must have a central financial committee to direct its operations in regard to making good deficiencies shown after a valuation. In other respects, these associations are to be treated as if they were societies with branches.

In addition to these "pooling" associations, many approved societies have formed voluntary organizations or committees to provide for themselves accountants, auditors, nursing arrangements, visiting of beneficiaries, the services of medical referees, etc.

THE DEPOSIT CONTRIBUTORS' FUND.

Under the system of insurance carried on by the voluntary organizations grouped under the term "approved societies," it was not feasible to compel them to accept persons for membership against their wishes, though the law prohibits any society from refusing admittance solely on the ground of age. Many of the approved societies for instance are trade-unions whose members must be engaged in a specified craft, while other societies restrict their membership on the basis of religious belief, etc. The framers of the law expected that there would on this account be a large number of persons who could not secure membership on this ground. It was also expected that there would be a large number who could not secure admittance because of impaired health; in fact it was expected that such poor "risks" would form the major part of these unaffiliated persons subject to the law. For all such persons, a special organization was created, now called the deposit contributors' fund, originally the post-office fund. The first estimate of the framers of the law was that such persons would number about 800,000 or 900,000. Later events showed that nearly all of these estimates were incorrect. As a rule, these societies have waived any right to a medical test of applicants for membership and the result is that the members of the deposit contributors' fund differ in no important respect from the great body of insured persons and their number has always been much smaller than the original estimates of the framers of the law. The fund was at first expected to be a temporary expedient only; the act of 1911 required that it be discontinued on January 1, 1915, but for a variety of reasons the fund has been continued from year to year since that date. In the debate in the House of Commons, the Minister of Health in replying to the criticism that provision had not been made to improve the condition of the deposit contributors, said (Commons Debates, March 22, 1920, p. 218):

> The deposit contributors are not such unfortunate persons as the honorable member seems to think. They are in some respects the aristocracy of the insurance contributors. They are, in the main, deposit contributors by their own choice. Many societies would be glad to have them. Some of them have accumulated considerable balances.

At another time the minister said (March 24, 1920):

> There is no evidence of any general desire for the abolition of deposit contributors. If at any time it is found that there is an appreciable number of insured persons unable to obtain admission to approved societies, I will refer to the insurance consultative council the question of making some alternative arrangements.

EXCESSIVE SICKNESS.

One of the broad powers of the insurance system is its authority in regard to investigation of excessive sickness. Where the minister, or an approved society, or an insurance committee, alleges that the sickness for which benefits must be paid is excessive, and that such excess is due to the conditions or nature of the employment of such persons, or to the bad housing or insanitary conditions in any locality, or to an insufficient or contaminated water supply, or to the neglect of the authorities (or any person) to observe or enforce any law relating to the health of workers in industrial establishments, then the insurance authorities may apply for an investigation, or the minister may conduct one, for the purpose of determining whether a claim is valid for the repayment of such excessive costs to the insurance system. If, after proper inquiry, it is found that the excess of sickness exceeds the average by more than 10 per cent, then the following reimbursements may be demanded:

1. If due to the neglect of an employer, it must be made good by him.

2. If due to bad housing, or local insanitary conditions, or neglect of a local authority to observe or enforce health laws, then the loss must be made good by the local authority or by the person responsible for the insanitary housing.

3. If due to insufficient or contaminated water supply, then the loss must be made good by the local authority or water company or person by whom the water is supplied.

The minister may recover such a sum by deducting it from the local taxation account or by any other method of recovery.

OPERATIONS OF THE SYSTEM.

SOURCES OF INFORMATION.

The administrative authorities of the system have published five reports on the operations of the system; the first was for the year 1912–13, the second for 1913–14, the third for 1914–1917, and the fourth, the first annual report of the Ministry of Health, Part IV (Cmd. 913 of 1920), covers the period 1917 to March 31, 1920, while the second annual report (Cmd. 1446) covers 1920–21. Aside from these five administrative reports, the available information as to the working of the system is in such form that it is difficult to summarize. The statistical information, so important in showing the operations of an insurance system, is distinctly limited. The almost entire independence of the four countries of the United Kingdom is shown by the fact that the reports contain no consolidated statement for the latter. However, one summary statement of especial value was published in connection with the work of an investigating committee. The absence of statements in the present study as to the number of cases of sickness, duration and nature of sickness, etc., is due to the fact that the data have not yet been published. There is some information as to the working of the sanatorium benefit, given on page 69, though this does not include the duration of treatment given.

Two reports of special value are that of the investigating committee of 1916 and that of the Government actuary on the status of the system in connection with the revision of benefits in 1920.

One of the most useful sources of information is the question department of the House of Commons Debates; the information presented depends on the nature of the question asked the Government by the member who submits it, but it frequently happens that the data so given contain facts which have not yet been published.

With the coming into force of the Ministry of Health Act of 1919, the chief medical officer of that ministry began to publish an annual report, which gave a systematic survey of health conditions in England and Wales subject to the jurisdiction of the ministry. One feature of this survey is the medical aspect of the insurance acts. To date three of these reports have been issued, beginning with that for 1919–20 (Cmd. 978). In these reports is the beginning of a series of statistical summaries on the operations of the acts, though as yet the data are distinctly limited in scope.

Under the terms of the central index committee regulations (England) of August 29, 1922, a special body was created for the purpose of keeping registers, records, etc., as the basis of statistical and other reports on the insured and exempt persons affected by the system. No reports have as yet been issued. A similar committee for Wales was also created.

The accounts of the national health insurance funds are published from time to time in separate papers presented to Parliament. The latest available, published in 1920, brings the information down to 1916.

The sanatorium benefit return is also made in a separate paper and brings the information in rather brief form.

The budget statement of the Government is the best guide to what is being done in the financial part of the system; the health insurance part of the budget comes in Class VII.

As a means of showing the actual workings of the system, the reports of the various approved societies have a distinct value; sometimes the information given is so fragmentary as to have little value as a contribution to the development of the system, but to a foreign reader, the point of view and the matters of particular interest emphasized are of real importance. For a few societies, selected at random as instances of this material, the latest available annual report has been given in condensed form.

NUMBER OF PERSONS INSURED.

The first full year of operation of the system was 1913; according to the summary statement of the table on page 65, in this year there were 9,394,961 men and 4,053,108 women, or a total of 13,448,069 persons in the insurance in 1913. During the years of the war, it was deemed inadvisable to report on the number of persons insured, but in connection with the bill of 1920, the Government actuary made an estimate of the number of insured persons, which is as follows:

ESTIMATED NUMBER OF INSURED PERSONS, 1920.

[Source: Ministry of Health. National health insurance bill, 1920. Report by the Government actuary upon the financial provisions of the bill. London, 1920. Cmd. 612. Page 5.]

Locality.	Men.		Women.	
	Approved societies.	Deposit contributors.	Approved societies.	Deposit contributors.
England	[1] 8,300,000	250,000	3,920,000	125,000
Scotland	1,130,000	30,000	530,000	15,000
Ireland	490,000	10,000	260,000	5,000
Wales	630,000	10,000	140,000	5,000
United Kingdom	10,550,000	300,000	4,850,000	150,000

[1] Including persons entitled to benefits out of the navy and army insurance fund.

According to this estimate, the number of persons within the scope of the insurance in July, 1920, was about 15,850,000, of whom 10,850,000 were men and 5,000,000, or 32 per cent, were women. The number in England was 12,595,000, or not quite 80 per cent. Of the total number of men insured, 8,550,000, or not quite 80 per cent, were in England. Of the total number of women insured, 4,045,000, or slightly over 80 per cent, were in England. The round figures used indicate with emphasis the fact that these statements are estimates.

As stated above, the number of persons insured in societies in 1913 was 13,448,069; compared with the number for 1920, namely 15,400,000 (omitting the deposit contributors), there was an increase of about 14 per cent in seven years. It is perhaps not accurate to compare the details of the 1920 estimate with the actual returns of 1913, but with this reservation, the number of women in approved societies increased from 4,053,108 to an estimated number of 4,850-000 in 1920, an increase of about 20 per cent. The corresponding increase for men was about 12 per cent. It is probable that the changes resulting from war conditions are responsible for the more rapid increase in the number of women insured.

EXPENDITURE FOR PECUNIARY BENEFITS.

The expenditures of the approved societies for sickness, maternity, and disablement benefits in the years 1913–1916 were as follows:

EXPENDITURE OF APPROVED SOCIETIES FOR SICKNESS, MATERNITY, AND DISABLEMENT BENEFITS, BY YEARS, 1913 TO 1916.

[Source: Interim report of the departmental committee on approved society finance and administration. London, 1916. Cd. 8251. Page 37. Report on the administration of national health insurance during the years 1914-1917. London, 1917. Cd. 8890. Pages 116 and 238. £ at par=$4.8665; penny=2.03 cents.]

Country.	Number of members.	Sickness benefit.	Maternity benefit.	Disablement benefit.	All pecuniary benefits.	Average expenditure per week.			
						Sickness benefit.	Maternity benefit.	Disablement benefit.	All benefits.
1913—Men:		£	£	£	£	d.	d.	d.	d.
England	7,359,866	3,413,052	938,837	.....	4,351,889	2.14	0.59	.....	2.73
Scotland	1,026,649	422,564	137,332	.....	559,896	1.90	.62	.....	2.52
Ireland	457,227	230,119	68,339	.....	298,458	2.32	.69	.....	3.01
Wales	551,219	322,377	78,139	.....	400,516	2.70	.65	.....	3.35
United Kingdom	9,394,961	4,388,112	1,222,647	.....	5,610,759	2.16	.60	.....	2.76

EXPENDITURE OF APPROVED SOCIETIES FOR SICKNESS, MATERNITY, AND DISABLEMENT BENEFITS, BY YEARS, 1913 TO 1916—Concluded.

Country.	Number of members.	Sickness benefit.	Maternity benefit.	Disablement benefit.	All pecuniary benefits.	Average expenditure per week.			
						Sickness benefit.	Maternity benefit.	Disablement benefit.	All benefits.
1913—Women:		£	£	£	£	d.	d.	d.	d.
England	3,290,807	1,756,610	31,995	.....	1,788,605	2.46	.04	.....	2.50
Scotland	431,404	199,068	7,031	.....	206,099	2.13	.08	.....	2.21
Ireland	221,432	148,145	2,304	.....	150,449	3.08	.05	.....	3.13
Walet	109,465	62,752	1,579	.....	64,331	2.63	.07	.....	2.70
United Kingdom	4,053,108	2,166,575	42,909	.....	2,209,484	2.46	.05	.....	2.51
1914—Men:									
England	7,537,794	3,944,065	956,917	115,958	5,016,940	2.41	.58	0.07	3.06
Scotland	1,033,276	507,233	144,309	17,443	668,985	2.26	.64	.08	2.98
Ireland	474,544	253,809	73,139	3,367	330,315	2.46	.71	.03	3.20
Wales	579,948	378,629	84,974	9,650	473,253	3.38	.76	.09	4.23
United Kingdom	9,625,562	5,083,736	1,259,339	146,418	6,489,493	2.43	.60	.07	3.10
1914—Women:									
England	3,336,285	1,728,104	177,003	36,222	1,941,329	2.39	.24	.05	2.68
Scotland	446,337	210,744	17,788	6,775	235,307	2.17	.18	.07	2.42
Ireland	231,291	120,341	13,248	1,177	134,766	2.39	.26	.02	2.67
Wales	117,912	67,547	2,874	1,588	72,009	2.63	.11	.06	2.80
United Kingdom	4,131,825	2,126,736	210,913	45,762	2,383,411	2.37	.23	.05	2.65
1915—Men:									
England	(1)	3,631,223	864,609	457,384	4,953,216	2.21	.53	.28	3.02
Scotland	(1)	478,073	130,318	69,918	678,309	2.13	.58	.31	3.02
Ireland	(1)	220,193	65,717	21,672	307,582	2.13	.64	.21	2.98
Wales	(1)	318,280	75,751	40,948	434,979	2.84	.68	.37	3.89
United Kingdom	(1)	4,647,769	1,136,395	589,922	6,374,086	2.22	.54	.28	3.04
1915—Women:									
England	(1)	1,335,994	154,318	198,464	1,688,776	1.84	.21	.27	2.32
Scotland	(1)	170,755	14,719	34,706	220,180	1.76	.15	.36	2.27
Ireland	(1)	95,765	10,614	10,214	116,593	1.91	.21	.20	2.32
Wales	(1)	53,659	2,852	8,343	64,854	2.09	.11	.33	2.53
United Kingdom	(1)	1,656,173	182,503	251,727	2,090,403	1.84	.20	.28	2.32
1916—Men:									
England	(1)	3,409,914	828,854	587,671	4,826,439	.....	.....	.....	.....
Scotland	(1)	451,472	128,365	91,451	671,288	2.06	.58	.42	3.06
Ireland	(1)	213,290	59,782	38,176	311,248	.....	.....	.....	.....
Wales	(1)	291,513	72,137	52,724	416,374	.....	.....	.....	.....
United Kingdom	(1)	4,366,189	1,089,138	770,022	6,225,349	.....	.....	.....	.....
1916—Women:									
England	(1)	1,147,652	147,334	294,530	1,589,516	.....	.....	.....	.....
Scotland	(1)	142,783	12,674	47,544	203,001	1.48	.13	.49	2.11
Ireland	(1)	89,815	8,356	21,893	120,064	.....	.....	.....	.....
Wales	(1)	46,292	2,766	12,000	61,058	.....	.....	.....	.....
United Kingdom	(1)	1,426,542	171,130	375,967	1,973,639	.....	.....	.....	.....

[1] Not reported.

As the insured persons were required to have been members for 26 weeks before they became entitled to benefits for sickness and maternity, no benefits on this account were payable until January, 1913, as the 1911 act came into operation on July 15, 1912. Disablement benefit requires membership for 104 weeks, so that this feature came into the expenditures in July, 1914. Several changes were made in the maternity benefit and in the practice of the payment of sickness benefit to women in 1913 and 1914, so that comparisons with these years must be made with caution.

The data of most interest in the table are those relating to the expenditure per member per week for benefits, which include only the years 1913 to 1915, for reasons already stated. The sickness benefit per week for men was highest in 1914 with 2.43d. (4.9 cents, par), and lowest in 1913 with 2.16d. (4.4 cents, par). The sickness and maternity benefit payments have been varied so much by changes in the law and in the practice of the societies that the figures for the different years are not comparable, but it is of interest to note that in Scotland the expenditure was decreasing from 1914 to 1916.

The changes which the act of 1920 will cause in the expenditure for benefit were estimated by the Government actuary to be as follows:

ESTIMATE OF EXPENDITURE FOR BENEFITS, JULY, 1920, TO JULY, 1921.

[Source: Ministry of Health. National health insurance bill, 1920. Report by the Government actuary upon the financial provisions of the bill. London, 1920. Cmd. 612. (Page 9. £ at par=$4.8665.)

Country.	Approved societies.		Deposit contributors.	Total.
	Men.	Women.		
At rates of benefit existing up to July 5, 1920.				
England	£11,356,000	£4,804,000	£224,000	£16,384,000
Scotland	1,556,000	617,000	27,000	2,200,000
Ireland	510,000	235,000	5,000	750,000
Wales	856,000	157,000	10,000	1,023,000
United Kingdom	14,278,000	5,813,000	266,000	20,357,000
At new rates of benefit effective July 5, 1920, under act of May 20, 1920.				
England	£15,967,000	£6,786,000	£294,000	£23,047,000
Scotland	2,190,000	876,000	34,000	3,100,000
Ireland	721,000	341,000	6,000	1,068,000
Wales	1,202,000	224,000	12,000	1,438,000
United Kingdom	20,080,000	8,227,000	346,000	28,653,000
Increase in expenditure after July 5, 1920.				
England	£4,611,000	£1,982,000	£70,000	£6,663,000
Scotland	634,000	259,000	7,000	900,000
Ireland	211,000	106,000	1,000	318,000
Wales	346,000	67,000	2,000	415,000
United Kingdom	5,802,000	2,414,000	80,000	8,296,000

According to these estimates, the total amount which would have been expended for pecuniary benefits under the rates of benefit used in the table on page 25 was £20,357,000 ($99,067,341, par) in 1920; under the new rates of benefit, this amount is expected to be £28,653,000 ($139,439,825, par), an increase of £8,296,000 ($40,372,484, par), or about 41 per cent. The approved societies will pay the insured men about this per cent of increase, while for women the increase will be about 42 per cent.

The 1922 annual report of the chief medical officer of the Ministry of Health presents for the first time a summary of the expenditures

for sickness and for disablement benefits in England and Wales during the years 1913 to 1921. The data are as follows:

EXPENDITURES OF APPROVED SOCIETIES (ENGLAND AND WALES) FOR SICKNESS AND DISABLEMENT BENEFITS, 1913 TO 1921.

[Source: Annual report of the chief medical officer of the Ministry of Health for the year 1921. London, 1922. Page 26. £ at par=$4.8665. The figures for 1920 and 1921 are subject to adjustment.]

Year.	Sickness benefit.		Disablement benefit.	
	Men.	Women.	Men.	Women.
1913 [1]	£3,623,220	£1,770,371	.....	.....
1914 [1]	4,019,187	1,732,327	[2] £124,212	[2] £36,781
1915 [1]	[3] 3,141,548	1,393,402	514,681	210,573
1916 [1]	[3] 2,683,782	1,176,181	655,241	308,683
1917	[3] 2,463,196	1,157,523	713,124	358,783
1918	[3] 2,842,753	1,441,639	739,029	396,868
1919	[3] 3,066,342	1,319,201	779,854	434,499
1920 [4]	3,667,081	1,678,092	1,104,621	629,890
1921 [5]	4,810,470	2,271,662	1,669,985	981,746
Total, 9 years	30,317,579	13,940,398	6,300,747	3,357,828
Average per annum	3,368,620	1,548,933	840,100	447,710

[1] The figures for 1913 to 1916 do not agree with those for England and Wales in the table on page 65, which are taken from a different source.

[2] Disablement benefit became payable for the first time in July, 1914.

[3] These figures are lower than they would have been had not a considerable proportion of the total male insured population been serving with the Forces. The rise in years 1918–19 is attributable to the influenza epidemic in those years and (1919) to the return of men from the Forces to civil life; toward the close of 1921 a further influenza epidemic caused an abnormal sickness experience in certain parts of England, particularly in Yorkshire.

[4] During second half-year of 1920 higher rates of benefit under the National Health Insurance Act (1920) were paid. For comparison with previous years' expenditure at the old rates, the figures for the year should be reduced by approximately 20 per cent (women's sickness, approximately 22½ per cent).

[5] During second half-year of 1921 varying increased rates of benefit were paid as additional cash benefits by certain societies out of disposable surpluses declared at the first valuation. It has not been found possible at present to fix a reliable percentage as representing this increase, but, apart from this, for comparison with previous years' expenditure at the old rates in force prior to July, 1920, the figures for the year 1921 should be reduced by approximately 33⅓ per cent (women's sickness benefit, approximately 37½ per cent).

The report (page 27) makes the following comment on the table:

From this table it is seen that the average amount (based on the figures for the last 9 years) paid annually in England and Wales to men for sickness benefit was £3,368,620 [$16,393,389, par]. The corresponding amount paid for disablement benefit was £840,100 [$4,088,347, par]. Disregarding the increased rates of benefits paid by certain societies from July, 1921, by way of additional benefits out of their disposable surpluses on valuation, and taking the maximum ordinary rates of sickness and disablement benefit payable to men (namely, for sickness benefit 10s. [$2.43, par] per week prior to July 5, 1920, and 15s. [$3.65, par] per week after that date, and for disablement benefit 5s. [$1.22, par] per week and 7s. 6d. [$1.83, par] per week, respectively), these figures represent an average minimum of 6,217,927 weeks of sickness per annum under sickness benefit, and 2,945,686 weeks under disablement benefit, making a total of 9,163,613. For women, the corresponding figures represent an average annual minimum of 3,763,340 weeks' sickness benefit and 1,549,121 disablement benefit, making a total of 5,312,461 weeks.

Thus, at least 14,476,000 weeks' work are lost on an average every year through sickness, or a period of upward of 278,000 years. That is to say, in England and Wales there is lost to the nation every year, among the insured population only, and excluding the loss due to sickness for which sickness or disablement benefit is not payable, the equivalent of the work of 278,000 persons. Moreover, it must be remembered that it is not only the working equivalent of 278,000 persons that the nation loses every year, but also the labor and expense involved in their care during the 14,476,000 weeks of their incapacitation. To this loss of time and capacity among the 14,000,000 insured persons we must, to obtain the national loss, add a comparable loss, though persumably not so large a proportional loss, in respect of the remaining 23,000,000 persons (including children) which comprise the total population.

SANATORIUM BENEFIT.

In the House of Commons on December 17, 1919, the Minister of Health frankly stated that in his opinion the results obtained by the sanatorium benefit under the insurance acts were not satisfactory to him and that it would take a generation before Great Britain could catch up with the needs of the population. Circumstances connected with the war, he stated, were largely the cause of the incomplete success of the measures inaugurated under the insurance acts for combating tuberculosis. The minister gave the following summary statement of the number of persons who had received sanatorium treatment in England and Wales: In 1914, 31,793; 1915, 29,741; 1916, 29,850; 1917, 31,566; 1918, 35,430.

A more complete statement of operations in the United Kingdom is given in the latest available report on this feature of the insurance system. The following table shows the number of persons given treatment in the years 1917 and 1918:

NUMBER OF INSURED PERSONS AND DEPENDENTS OF INSURED PERSONS RECEIVING SANATORIUM BENEFIT, AND NUMBER OF APPLICATIONS FOR SANATORIUM BENEFIT, 1917 AND 1918.

[Source: National Health Insurance Joint Committee. Return as to the administration of sanatorium benefit, 1917-18. London, 1919. Cmd. 232. Pages 3 and 6. In this table a person who received treatment within the period appears once, and once only, even though he received treatment in more than one form, except in the case of a person who, owing to a change of residence during the period, received treatment under arrangements made by more than one committee. Persons whose course of treatment began prior to first of January and continued into the year following do not appear in the table for the succeeding year.]

Country and sex.	1917						
	Number of applicants—				Received treatment.		
	Whose applications were received before Jan. 1, but who did not receive treatment till on or after that date.	Whose applications were received during the period.	Not recommended for reasons other than those of health; e. g., applicant not insured.	Not treated for reasons such as those stated in footnote.[1]	Pulmonary cases.	Nonpulmonary cases.	Total.
England:							
Males	507	20,890	146	2,073	18,175	1,003	19,178
Females	264	9,504	82	806	8,029	851	8,880
Total	771	30,394	228	2,879	26,204	1,854	28,058
Scotland:							
Males	72	2,576	155	234	2,188	71	2,259
Females	42	1,152	84	86	956	68	1,024
Total	114	3,728	239	320	3,144	139	3,283
Ireland:							
Males	53	2,096	51	202	1,700	196	1,896
Females	32	1,507	53	138	1,139	209	1,348
Total	85	3,603	104	340	2,839	405	3,244
Wales:							
Males	581	4,550	.....	2,888	1,887	356	2,243
Females	586	2,602	.....	1,923	940	325	1,265
Total	1,167	7,152	.....	4,811	2,827	681	3,508
United Kingdom:							
Males	1,213	30,112	352	5,397	23,950	1,626	25,576
Females	924	14,765	219	2,953	11,064	1,453	12,517
Total	2,137	44,877	571	8,350	35,014	3,079	38,093

[1] On expert examination found not to be suffering from tuberculosis; removed to another area, and accordingly do not appear as receiving treatment in the area in which application was first made; declined the treatment for which nominated; application under consideration on Dec. 31.

NUMBER OF IOSURED PERSONS AND DEPENDENTS OF INSURED PERSONS RECEIVING SANATORIUM BENEFIT, AND NUMBER OF APPLICATIONS FOR SANATORIUM BENEFIT, 1917 AND 1918—Concluded.

Country and sex.	1918						
	Number of applicants—				Received treatment.		
	Whose applications were received before Jan. 1, but who did not receive treatment till on or after that date.	Whose applications were received during the period.	Not recommended for reasons other than those of health; e. g., applicant not insured.	Not treated for reasons such as those stated in footnote.	Pulmonary cases.	Nonpulmonary cases.	Total.
England:							
Males	1,023	24,904	506	2,465	21,869	1,087	22,956
Females	348	9,475	149	785	8,104	785	8,889
Total	1,371	34,379	655	3,250	29,973	1,872	31,845
Scotland:							
Males	93	3,013	175	441	2,414	76	2,490
Females	30	1,065	57	104	862	72	934
Total	123	4,078	232	545	3,276	148	3,424
Ireland:							
Males	87	2,132	41	429	1,526	223	1,749
Females	66	1,082	45	165	771	167	938
Total	153	3,214	86	594	2,297	390	2,687
Wales:							
Males	765	5,296	.....	3,665	2,019	377	2,396
Females	671	2,528	.....	2,010	911	278	1,189
Total	1,436	7,824	.....	5,675	2,930	655	3,585
United Kingdom:							
Males	1,968	35,345	722	7,000	27,828	1,763	29,591
Females	1,115	14,150	251	3,064	10,648	1,302	11,950
Total	3,083	49,495	973	10,064	38,476	3,065	41,541

As no information is available as to the whole number of insured persons suffering from tuberculosis, it is not possible to make any comparison which would show how completely the treatment afforded met the needs of the insured population. In the House of Commons debates already referred to, the minister stated that all persons recommended for treatment were receiving it, but that the question of securing proper treatment for each case at a sufficiently early stage is dependent upon a correct diagnosis being made and upon the willingness of the patient to accept the appropriate form of treatment in the early stages of the disease.

The class of treatment (residential, dispensary, and home treatment) afforded to the insured persons in 1917 and 1918 is as follows:

NUMBER OF CASES OF TUBERCULOSIS RECEIVING TREATMENT DURING 1917 AND 1918.

[Source: National Health Insurance Joint Committee. Return as to the administration of sanatorium benefit, 1917–18. London, 1919. Cmd. 232. Pages 3 and 6. A person receiving treatment under more than one heading appears in this table as a separate case under each heading. Persons whose treatment began before Jan. 1 and continued into the year following are included.]

Country and sex.	1917			1918		
	Residential.	Dispensary.	Domiciliary.	Residential.	Dispensary.	Domiciliary.
England:						
Males	16,582	19,314	23,638	19,925	24,365	27,881
Females	7,372	10,615	12,475	7,336	11,189	12,864
Total	23,954	29,929	36,113	27,261	35,554	40,745
Scotland:						
Males	2,409	269	616	2,553	395	773
Females	1,056	163	362	943	154	390
Total	3,465	432	978	3,496	549	1,163
Ireland:						
Males	1,381	501	1,463	1,388	607	1,590
Females	564	421	1,883	492	404	1,877
Total	1,945	922	3,346	1,880	1,011	3,467
Wales:						
Males	2,006	2,138	1,710	1,990	2,386	1,837
Females	1,085	1,701	955	1,008	1,610	1,053
Total	3,091	3,839	2,665	2,998	3,996	2,890
United Kingdom:						
Males	22,378	22,222	27,427	25,856	27,753	32,081
Females	10,077	12,900	15,675	9,779	13,357	16,184
Total	32,455	35,122	43,102	35,635	41,110	48,265

The results of the treatment provided the cases enumerated in the preceding table were as follows:

ANALYSIS OF CASES OF DISPENSARY AND RESIDENTIAL TREATMENT, 1917 AND 1918.

[Source: National Health Insurance Joint Committee. Return as to the administration of sanatorium benefit, 1917–18. London, 1919. Cmd. 232. Pages 4 and 7. The figures in columns 2, 3, and 5 do not show the number of cases in which the treatment of the patient was concluded, since, after ceasing to attend the dispensaries, patients may receive continued treatment in other forms. The figures in column 5 relate to cases as to the progress of which no definite report is available for various reasons, e. g., the withdrawal from the dispensary treatment of the insured persons themselves before the expiration of the period recommended.]

Country and sex.	Dispensary treatment.											
	1917						1918					
	Total cases treated.	Discharged from institution.		Died.	Treatment discontinued in other cases.	Still under treatment on Jan. 1, 1918.	Total cases treated.	Discharged from institution.		Died.	Treatment discontinued in other cases.	Still under treatment on Jan. 1, 1919.
		Improved.	Without improvement.					Improved.	Without improvement.			
	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
England:												
Males	19,314	2,278	985	1,508	1,998	12,545	24,365	2,438	1,063	1,674	2,140	17,050
Females	10,615	1,385	543	673	1,066	6,948	11,189	1,297	480	795	870	7,747
Total	29,929	3,663	1,528	2,181	3,064	19,493	35,554	3,735	1,543	2,469	3,010	24,797
Scotland:												
Males	269	57	15	23	13	161	395	81	19	22	19	254
Females	163	41	3	11	5	103	154	21	10	13	8	102
Total	432	98	18	34	18	264	549	102	29	35	27	356

ANALYSIS OF CASES OF DISPENSARY AND RESIDENTAL TREATMENT, 1917 AND 1918—Concluded.

Country and sex.	Dispensary treatment.											
	1917						1918					
	Total cases treated.	Discharged from institution.		Died.	Treatment discontinued in other cases.	Still under treatment on Jan. 1, 1918.	Total cases treated.	Discharged from institution.		Died.	Treatment discontinued in other cases.	Still under treatment on Jan. 1, 1919.
		Improved.	Without improvement.					Improved.	Without improvement.			
	(1)	(2)	(3)	(4)	(5)	(6)	(1)	(2)	(3)	(4)	(5)	(6)
Ireland:												
Males	501	95	14	34	126	232	607	145	17	39	163	243
Females	421	76	9	18	141	177	404	87	13	19	118	167
Total	922	171	23	52	267	409	1,011	232	30	58	281	410
Wales:												
Males	2,138	633	175	68	95	1,167	2,386	863	149	85	140	1,149
Females	1,701	509	122	56	58	956	1,610	579	109	73	86	763
Total	3,839	1,142	297	124	153	2,123	3,996	1,442	258	158	226	1,912
United Kingdom:												
Males	22,222	3,063	1,189	1,633	2,232	14,105	27,753	3,527	1,248	1,820	2,462	18,696
Females	12,900	2,011	677	758	1,270	8,184	13,357	1,984	612	900	1,082	8,779
Total	35,122	5,074	1,866	2,391	3,502	22,289	41,110	5,511	1,860	2,720	3,544	27,475
	Residential treatment.											
England:												
Males	16,582	9,328	1,813	1,140	841	3,460	19,925	11,624	2,410	1,194	848	3,848
Females	7,372	4,317	795	412	237	1,611	7,336	4,127	961	479	162	1,608
Total	23,954	13,645	2,608	1,552	1,078	5,071	27,261	15,751	3,371	1,673	1,010	5,456
Scotland:												
Males	2,409	1,099	284	328	153	545	2,553	1,044	275	311	194	729
Females	1,056	504	134	124	25	269	943	413	113	136	32	249
Total	3,465	1,603	418	452	178	814	3,496	1,457	388	447	226	978
Ireland:												
Males	1,381	685	194	132	108	262	1,388	764	208	141	87	188
Females	564	302	74	53	23	112	492	271	87	52	17	65
Total	1,945	987	268	185	131	374	1,880	1,035	295	193	104	253
Wales:												
Males	2,006	1,118	114	134	214	426	1,990	1,082	125	154	232	397
Females	1,085	539	100	62	105	279	1,008	526	81	44	107	250
Total	3,091	1,657	214	196	319	705	2,998	1,608	206	198	339	647
United Kingdom:												
Males	22,378	12,230	2,405	1,734	1,316	4,693	25,856	14,514	3,018	1,800	1,361	5,162
Females	10,077	5,662	1,103	651	390	2,271	9,779	5,337	1,242	711	318	2,172
Total	32,455	17,892	3,508	2,385	1,706	6,964	35,635	19,851	4,260	2,511	1,679	7,334

It will be noted that the results of the treatment are stated with reserve; none is reported as "cured" but only as "improved" at the conclusion of treatment.

The total amounts expended by the insurance committees in their administration of the sanatorium benefit in 1917 and 1918 were as follows:

APPROXIMATE EXPENDITURE OF INSURANCE COMMITTEES ON THE PROVISION OF SANATORIUM BENEFIT, INCLUDING PAYMENTS TO PRACTITIONERS IN RESPECT OF DOMICILIARY TREATMENT, BUT EXCLUDING THE COST OF ADMINISTRATION, 1917 AND 1918.

[Source: National Health Insurance Joint Committee. Return as to the administration of sanatorium benefit, 1917–18. London, 1919. Cmd. 232. Pp. 5 and 7. £ at par=$4.8665.]

Year.	England.	Scotland.	Ireland.	Wales.	United Kingdom.
1917	£619,000	£93,000	£42,000	£42,000	£796,000
1918	664,000	105,000	42,000	43,000	854,000

These sums represent only the expenditures of the insurance committees for the insured persons. In the House of Commons on December 17, 1919, the Minister of Health stated that the total expenditures in England and Wales by public authorities during the year ending March 31, 1918, for the total population, was approximately £1,550,000 ($7,543,075, par). In the above table the expenditure in England and Wales in the calendar year 1917 was £661,000 ($3,216,757, par) for the insured population. Presumably "public authorities" does not include the insurance committees, so that the two countries show an expenditure of over £2,000,000 ($9,733,000, par) for the relief of tuberculosis in 1917.

As stated before, the Minister of Health regards the provision of facilities for treating tuberculosis as insufficient, a large part of the shortage being due to causes connected with the war; presumably he referred to the fact that practically all building was suspended after August, 1914, and the contemplated chain of sanatoriums which Mr. Lloyd George in 1911 said would be constructed was never realized. However, the actual number of beds in use for insured persons is at least a substantial number, as the following table shows:

SUMMARY OF INSTITUTIONAL PROVISION: ENGLAND, SCOTLAND, AND IRELAND, 1917 AND 1918.

[Source: National Health Insurance Joint Committee. Return as to the administration of sanatorium benefit, 1917–18. London, 1919. Cmd. 232. Pp. 5 and 8.]

Country and year.	(1) Number of beds to which insurance committees were entitled under permanent arrangements.	(2) Number of beds reserved to insurance committees under provisional arrangements with—		(3) Total number of beds for insured and non-insured in—		(4) Number of approved tuberculosis dispensaries.
		Local authorities.	Voluntary institutions direct.	Local authorities' institutions.	Voluntary institutions.	
England:						
1917	3,564	387	309	6,163	5,937	373
1918	3,517	437	248	6,749	6,385	375
Scotland:						
1917	437	137	28	2,051	647	23
1918	445	142	24	2,121	671	23
Ireland:						
1917	249	14	6	2,176	2,251	175
1918	250	16	24	3,171	3,262	180

The numbers shown in columns (1) and (2) represent accommodation secured under general arrangements as distinct from arrangements for individual patients. In addition to the accommodation so secured, beds are obtained by insurance committees for individual patients as and when required out of the total approved accommodation (figures of which are given in column (3)) available for the treatment of persons suffering from tuberculosis, whether insured or noninsured.

In the case of England, the figures in all columns are stated as of Jan. 1, 1918 and 1919. The figures in columns (3) and (4) are supplied by the local government board and represent minimum figures for the date mentioned.

In the case of Scotland, the figures in all columns are stated as of Dec. 31, 1917; and in the case of Ireland as of Jan. 1, 1918. The figures for Ireland in column (3) represent beds not specially reserved for the treatment of tuberculosis.

SUMMARY OF INSTITUTIONAL PROVISION: WALES, 1917 AND 1918.

[Source: National Health Insurance Joint Committee. Return as to the administration of sanatorium benefit, 1917-18. London, 1919. Cmd. 232. Pages. 5 and 8.]

December.	Number of beds belonging to or rented by the K. E. S. W. N. M. Association.	Total number of beds rented by the K. E. S. W. N. M. Association in—		Total number of beds belonging to the K. E. S. W. N. M. Association.	Total number of approved dispensaries.	Total number of visiting stations.
		Local authorities' institutions.	Voluntary institutions.			
1917	965	88	121	756	14	86
1918	1,012	85	101	836	13	81

NOTE.—In Wales, the provision of treatment for insured and noninsured persons suffering from tuberculosis was undertaken by the King Edward VII Welsh National Memorial Association under agreements with all the Welsh insurance committees and arrangements with 16 (out of 17) Welsh county and county borough councils. The number of beds available for insured persons can not be given separately and the figures for Wales in the appended table represent the beds available for insured and noninsured. The figures in all columns are for December.

According to a statement in a review of the insurance system (published in the New Statesman, March 14, 1914, Supplement, p. 23), the proportion of beds to population should be about one per thousand; perhaps this ratio should not be used for insured persons, because of the high rates of tuberculosis during the early working years of life, but if it is taken as approximately correct, then the 12,000,000 insured persons in England had about 4,200 beds reserved for them in 1918 by the insurance committees, or approximately one-third of the standard above mentioned. The table following, however, shows that some of the facilities available for both insured and noninsured persons were used by the committees for those entitled to sanatorium benefit.

APPROXIMATE NUMBER OF BEDS OCCUPIED AT ONE TIME BY INSURANCE COMMITTEE'S PATIENTS IN 1918.

[Source: National Health Insurance Joint Committee. Return as to the administration of sanatorium benefit, 1917-18. London, 1919. Cmd. 232. Page 8.]

Country.	Discharged soldiers, etc., entitled to priority of residential treatment.	Other persons entitled to sanatorium benefit.	Total.
England	1,915	3,940	5,855
Scotland[1]	365	646	1,011
Ireland	85	310	395
Wales	148	576	724
Total	2,513	4,572	7,985

[1] For Scotland, the figures are stated for Dec. 31, 1918.

FINANCIAL OPERATIONS.

SUMMARY OF RECEIPTS AND EXPENDITURES.

In connection with an inquiry from a member of Parliament, the following statement of the total amount expended on benefits and on administration, from 1911 to 1918, was presented and published in House of Commons Debates, April 7, 1919.

APPROXIMATE EXPENDITURE ON NATIONAL HEALTH INSURANCE, INCLUDING BENEFITS IN CASH AND IN KIND AND COST OF ADMINISTRATION, FROM THE COMMENCEMENT OF THE ACT UP TO MARCH 31, 1919.

[£ at par=$4.8665.]

Country.	Moneys provided by Parliament. (a)	Moneys from contributions. (b)	Total. (c)
England	£29,200,000	£51,800,000	£81,000,000
Wales	2,100,000	3,700,000	5,800,000
Scotland	4,200,000	7,200,000	11,400,000
Ireland	2,300,000	2,300,000	4,600,000
Joint committee working in all parts of the United Kingdom	2,200,000	.....	2,200,000
Total	40,000,000	65,000,000	105,000,000

(a) includes (1) all expenditures from moneys provided by Parliament under sections 3, 4, 16 (2, b), 46, 47, 48. 49, 53, and 81 (10) and (11) of the national insurance act, 1911, and section 3 (2) of the national insurance (Part I amendment) act, 1915 (subhead G of the vote for the joint committee, subheads F, G, H, J, and L, of the votes for the several insurance commissions); (2) all the supplementary grants under sections 1 and 31 of the national insurance act, 1913, and sections 2 and 4 of the national health insurance act, 1918 (subheads A to F of the national health insurance (special grants) vote for the years 1912–13 and 1913–14, subheads E, F, and H to N of the vote for the joint committee, and subhead K of the vote for the several insurance commissions), and (3) the central administration (i. e., of the joint committee and the four commissions' staffs, subheads A to D of the vote for the joint committee, subheads A to E of the votes for the several insurance commissions, and sundry subheads of the votes for various other Government departments, e. g., office of works, stationery office, post office, etc.).

(b) and (c) include expenditure from the joint contributions of employers and employed persons (of which it is estimated that 55 per cent is paid by the employed persons), and such small amount of expenditure as can properly be considered to have been met from interest on investments.

Included in column (a) are sums amounting to approximately £2,380,000 ($11,582,270, par) which have been spent from moneys provided by Parliament for the extension of sanatorium benefit to dependents of insured persons under section 17 of the national insurance act, 1911, and for the treatment of tuberculosis generally.

In addition to the above there are sums of £300,000 ($1,459,950, par) from the exchequer and £66,000,000 ($321,189,000, par) from the contributions that have been placed in reserve and invested, under section 4 of the national health insurance act, 1918, and section 56 of the national insurance act, 1911, respectively, to meet future liabilities.

According to this statement, out of the £105,000,000 ($510,982,500, par) expended on the system, Parliament provided £40,000,000 ($194,660,000, par), or 38 per cent, and the employers and insured persons provided 62 per cent. This statement, however, should be considered in connection with the fact that these amounts are expenditures and not receipts. The paragraph above shows that £66,000,000 ($321,189,000, par) from contributions have been placed in the reserves to meet future liabilities; the amount from contributions placed in the reserve is apparently slightly more than is expended for benefits and administration.

There is not available a similar statement as to the receipts of the system since its commencement, but the following summary statement shows the amount received and expended in England during the year 1920.

SUMMARY OF APPROXIMATE RECEIPTS AND PAYMENTS UNDER THE NATIONAL HEALTH INSURANCE ACTS (ENGLAND) FOR THE YEAR 1920.[5]

[£ at par = $4.8665.]

Accumulated funds at beginning of year:		
Invested with national debt commissioners		£39,168,000
Investments made by or on behalf of approved societies		20,954,000
Cash at Bank of England		361,000
Cash in hands of approved societies and insurance committees		1,137,000
Receipts:		
Contributions of employers and employed persons		18,815,000
Exchequer (including statutory proportion of benefits, sundry grants-in-aid, and cost of central administration)		7,728,000
Interest and sundry receipts		2,787,000
		90,950,000
Payments:		
Medical and sanatorium benefits (including £7,159,000 remuneration of medical practitioners)		9,217,000
Sickness, disablement, and maternity benefits		8,353,000
Administration expenses—		
Approved societies	£2,646,000	
Insurance committees	437,000	
Central administration	660,000	
		3,743,000
Accumulated funds at end of year:		
Invested with national debt commissioners	41,618,000	
Investments made by or on behalf of approved societies	25,073,000	
Cash at Bank of England	936,000	
Cash in hands of approved societies and insurance committees	2,010,000	
	69,637,000	
		90,950,000

Expenditure in connection with national health insurance in England is also incurred by other Government departments in respect of office accommodation (buildings, furniture, fuel, and light), rates, stationery and printing, postage, telegrams, telephones, national insurance audit department, and miscellaneous services. The estimated cost of these services in 1920 was £435,000 ($2,116,928, par).

RESERVES ON MARCH 31, 1920.

The reserves which have been gradually accumulating under the regulations of the system had reached the following sums on March 31, 1920, according to House of Commons Debates, June 3, 1920, page 2085:

[£ at par=$4.8665.]

The moneys accumulated under the national health insurance acts up to March 31, 1920, are as follows:

Investments in the hands of approved societies or invested on their behalf in securities selected by them (under sec. 56 of the national insurance act, 1911) (cost)	£29,000,000
Investments in the hands of the national debt commissioners (under sec. 54 of the national insurance act, 1911) (cost)	47,500,000
Balances of cash in the several national health insurance funds and in the hands of approved societies and insurance committees	1,500,000
Total	78,000,000

[5] Ministry of Health. Second annual report, 1920-21. Cmd. 1446. P. 210.

INCOME IN 1920.

The income of the system in the year 1920 under the rates of contribution prior to the enactment of the 1920 law, and the income under the new rates, were estimated by the Government actuary as follows:

ESTIMATED ANNUAL CONTRIBUTIONS BEFORE AND AFTER JULY 5, 1920.

[Source: Ministry of Health. National health insurance bill, 1920. Report by the Government actuary upon the financial provisions of the bill. London, 1920. Cmd. 612. Page 6. £ at par=$4.8665.]

Country.	Before July 5, 1920.		After July 5, 1920.		Increase.	
	Employers.	Insured persons.	Employers.	Insured persons.	Employers.	Insured persons.
England	£7,388,000	£9,082,000	£12,314,000	£11,545,000	£4,926,000	£2,463,000
Scotland	1,002,000	1,232,000	1,670,000	1,566,000	668,000	334,000
Ireland	373,000	397,000	596,000	546,000	223,000	149,000
Wales	462,000	589,000	770,000	743,000	308,000	154,000
United Kingdom	9,225,000	11,300,000	15,350,000	14,400,000	6,125,000	3,100,000

NOTE.—The normal division of the contributions is varied in respect of low-wage earners, the employers paying more and the insured persons less, with, in some cases, a State grant of 1d. (2 cents, par) a week. In the absence of information as to the number of persons falling within this category, which in any event must in present circumstances be very small, no account has been taken of this provision in estimating the respective totals of contributions payable.

For the purpose of this table the number of contributors is taken as 350,000 fewer than the number of insured persons, this difference representing persons who, having left insurable employment, remain entitled to benefits for the ensuing 12 months. Women who have left employment on marriage constitute a large proportion of this number.

In view of the very small number of voluntary contributors it has been assumed in the preparation of this table that all insured persons are employed contributors.

The increase in the amounts which Parliament will provide are contained in the following statement:

ESTIMATE OF GRANTS FROM NATIONAL TREASURY, 1920 (EXCLUSIVE OF SPECIAL GRANTS TO MEDICAL SERVICES).

[Source: Ministry of Health. National health insurance bill, 1920. Report by the Government actuary, upon the financial provisions of the bill. London, 1920. Cmd. 612. Page 10. £ at par=$4.8665.]

Country.	At rates of benefit prior to July 5, 1920.			
	Approved societies.		Deposit contributors.	Total.
	Men.	Women.		
England	£2,523,000	£1,201,000	£51,000	£3,775,000
Scotland	346,000	154,000	6,000	506,000
Ireland	147,000	79,000	2,000	228,000
Wales	190,000	39,000	2,000	231,000
United Kingdom	3,206,000	1,473,000	61,000	4,740,000
Supplementary grants:				
Women's equalization fund	.....	.....	.....	280,000
Central fund	.....	.....	.....	150,000
Total	.....	.....	.....	5,170,000
	At rates of benefit under act of May 20, 1920.			
England	£3,549,000	£1,509,000	£66,000	£5,124,000
Scotland	487,000	195,000	8,000	690,000
Ireland	206,000	100,000	3,000	309,000
Wales	267,000	49,000	3,000	319,000
United Kingdom	4,509,000	1,853,000	80,000	6,442,000
Supplementary grants:				
Women's equalization fund	.....	.....	.....	350,000
Central fund	.....	.....	.....	150,000
Total	.....	.....	.....	6,942,000

ESTIMATE OF GRANTS FROM NATIONAL TREASURY, 1920 (EXCLUSIVE OF SPECIAL GRANTS TO MEDICAL SERVICES)—Concluded.

Country.	Increase in expenditure after July 5, 1920, due to act of May 20, 1920.			
	Approved societies.		Deposit contributors.	Total.
	Men.	Women.		
England	£1,026,000	£308,000	£15,000	£1,349,000
Scotland	141,000	41,000	2,000	184,000
Ireland	59,000	21,000	1,000	81,000
Wales	77,000	10,000	1,000	88,000
United Kingdom	1,303,000	380,000	19,000	1,702,000
Supplementary grants:				
Women's equalization fund	.....	70,000	.....	70,000
Central fund	.....	.....	.....	.....
Total	1,303,000	450,000	19,000	1,772,000

The amounts given in the first table on page 77 show that the income from contributions will be increased from £20,525,000 ($99,884,912.50, par) to £29,750,000 ($144,778,375, par), or 45 per cent; the income from Parliament (excepting certain special grants) will be increased from £4,740,000 ($23,067,210, par) to £6,442,000 ($31,349,930, par), or 36 per cent.

NATIONAL HEALTH INSURANCE FUND.

It will be recalled that the receipts of the insurance system are placed in an account called the national health insurance fund, on which the societies draw to pay benefits and administration expenses. In the reports of the insurance system, the statements of the receipts and expenses of these funds—one for each of the four countries—are given separately and with a number of variations in the four accounts. The only consolidated statement available is that for the period ending January 11, 1914, given in the Abstract of Labor Statistics for 1915 (the latest published up to January 1, 1921). This statement is as follows:

RECEIPTS AND PAYMENTS OF NATIONAL HEALTH INSURANCE FUND, JULY 15, 1912, TO JANUARY 11, 1914.

[Source: Seventeenth Abstract of Labor Statistics of the United Kingdom. London, 1915. Cd. 7733. Page 168. £ at par=$4.8665.]

Item.	England.	Wales.	Scotland.	Ireland.	United Kingdom.
RECEIPTS.					
From sale of health insurance stamps:					
At post offices	£19,783,000	£1,080,000	£2,847,934	£983,000	£24,693,934
At board of trade labor exchanges	134,610	13,096	43,655	225	191,586
To army council	78,798	.....	1,072	9,087	88,957
To army (India)	65,888	.....	.....	.....	65,888
To other Government departments	115,096	.....	855	2,476	118,427
To employer depositors, quarterly and weekly stamping	1,827,725	349,411	140,066	53,993	2,371,195
To employers' sales of high value stamps	3,868	.....	.....	.....	3,868
To sundry persons by insurance commissioners	1,852	223	142	202	2,419
Admiralty contributions on behalf of sailors and marines	100,000	5,336	2,762	.....	108,098
Mercantile marine exempt persons	14,682	.....	.....	.....	14,682
Exchequer grants	4,535,777	293,852	651,149	284,472	5,765,250
Other receipts	323	55	449	175	1,002
Total	26,661,619	1,741,973	3,688,084	1,333,630	33,425,306

RECEIPTS AND PAYMENTS OF NATIONAL HEALTH INSURANCE FUND, JULY 15, 1912, TO JANUARY 11, 1914.—Concluded.

Item.	England.	Wales.	Scotland.	Ireland.	United Kingdom.
PAYMENTS.					
Issues to:					
Approved societies for sickness and maternity benefits and for administration expenses (less refunds)	8,774,909	642,460	1,230,000	632,707	11,280,476
Approved societies for investment	870,519	23,660	8,069	.....	902,248
Insurance committees for sanatorium and medical benefits and for administration expenses	4,623,287	286,350	608,473	36,078	5,554,188
Deposit contributors for sickness and maternity benefits (less refunds)	15,727	983	1,306	389	18,405
Navy and army insurance fund for sickness and maternity benefits (less refund)	2,567	.....	.....	.....	2,567
Employer depositors, quarterly and weekly stamping, deposits repaid	15,518	977	506	43	17,044
Refunds on account of health insurance stamps returned to commissioners	12,852	574	.....	1,368	14,794
For purchase of investments on behalf of approved societies	34,856	585	.....	.....	35,441
Other payments	10,512	171	2,766	21,702	35,151
Balance in hands of national debt commissioners:					
For investment account	1,642,499	43,443	.....	.....	1,685,942
For temporary investment	10,457,501	697,527	1,835,000	637,500	13,627,528
Balance at bank	200,872	45,243	[1] 1,564	3,843	251,522
Total	26,661,619	1,741,973	3,688,084	1,333,630	33,425,306

[1] Including £107 cash on hand.

The total receipts of the first period of actual operation (benefits were payable only after January, 1913) were £33,425,306 ($162,664,252, par), of which £24,693,934 ($120,173,030, par) came from contributions (stamps sold), while the parliamentary grant was £5,765,250 ($28,056,589, par).

The disablement benefit was not payable during this period, so that the only pecuniary benefits included in the expenditures were sickness and maternity benefits, on which £11,280,476 ($54,896,436, par) were spent, including administration. The medical and sanatorium benefits required £5,554,188 ($27,029,456, par), including administration costs. The balance for investment was larger in this period than later because the full demands for benefits had not been felt.

The following summary gives the totals for the period 1912 to 1916 for England alone:

SUMMARY OF RECEIPTS AND EXPENDITURES OF THE NATIONAL HEALTH INSURANCE FUND OF ENGLAND, 1912 TO 1916.

[Source: National Health Insurance Joint Committee. Report for 1913-14 on the administration of national health insurance. Cd. 7496. Page 503. National health insurance fund accounts for period Jan. 12 to Dec. 31, 1914. House of Commons Paper 38 of 1917, page 2. National Health Insurance Joint Committee. Report on the administration of national health insurance during the years 1914–1917. Cd. 8890. Page 256. £ at par=$4.8665; shilling=24.3 cents; penny=2.03 cents.]

Period.	Receipts.			Expenditures.		
	£	s.	d.	£	s.	d.
July 15, 1912, to Jan. 11, 1914	26,661,618	15	7	14,360,746	11	5
Jan. 12 to Dec. 31, 1914	18,305,962	11	11½	18,071,611	16	2
1915	20,438,129	7	3½	20,159,712	4	10
1916	19,016,790	0	6½	18,881,840	19	1½

The years 1915 and 1916 were affected by war conditions to such an extent that the operations here stated can not be considered normal.

The first annual report of the Ministry of Health, Part IV, national health insurance (Cmd. 913), presents an abstract statement of the national health insurance fund of England for the three years 1917 to 1919. The receipts and payments of the English fund are given as typical of the operation of the system, especially as the great majority of the insured persons reside in England. To this statement have been added the figures for the year 1920, taken from the second annual report of the Ministry of Health (Cmd. 1446). The two statements are as follows:

ABSTRACT OF CASH RECEIPTS OF THE NATIONAL HEALTH INSURANCE FUND OF ENGLAND FOR THE YEARS 1917, 1918, 1919, AND 1920.

[Source: First annual report of the Ministry of Health, 1919–20. Part IV. Administration of national health insurance (1917 to March 31, 1920). Page 78. Second annual report of the Ministry of Health, 1920–21. Cmd. 1446. Page 208. £ at par = $4.8665.]

Item.	1917	1918	1919	1920
Balance brought forward from previous year	£134,949	£422,426	£762,486	£361,110
From sale of health insurance stamps:				
At post offices	11,985,418	11,947,375	12,407,780	17,402,721
At Ministry of Labor employment exchanges	41,796	34,706	37,176	38,604
To other Government departments	94,664	113,048	107,937	107,713
To employer depositors—Half-yearly and weekly stamping	945,568	926,351	927,648	1,276,080
To employers—Bulk sales	8,066	7,057	592	.....
To sundry persons by insurance commissioners	5,929	4,431	3,636	6,193
Postmaster General for postage stamps affixed to health insurance cards	798	521	2,176	416
Ministry of Labor for unemployment stamps affixed to health insurance cards	621	212	382	659
Contributions on behalf of seamen, marines, soldiers, and airmen	2,004,604	2,277,331	1,047,313	309,717
Mercantile marine exempt persons, etc	18,721	16,317	14,646	16,370
Exchequer grants	4,054,698	5,120,346	5,967,943	6,957,592
Carriage of contribution cards to insurance commission, refunded by exchequer	36	89	127	158
Ministry of Pensions: Grants toward cost of benefits of invalided seamen, marines, soldiers, and airmen	.....	322,411	207,000	175,000
Ministry of Labor: Contributions under out-of-work donation scheme	.....	.....	602,000	.....
Interest on investments in securities selected by societies, held by commissioners on behalf of societies (including income tax refunded)	70,172	126,051	234,121	305,376
Capital sums paid by late entrants into insurance	2,190	267	20	.....
Sums recovered from employers for credit of societies in proceedings under section 70 of national insurance act, 1911	.....	32	.....	.....
Other Government departments, etc., for sanatorium benefit provided to men in His Majesty's forces prior to discharge	5,332	2,330	1,941	524
Other Government departments, for refunds of benefits paid as advances to discharged seamen, marines, and soldiers under section 1 (2) of national insurance act, 1915	3,988	8,238	615	331
Other Government departments, for medical treatment provided to noninsured camp construction workers	.....	622	26	30
Miscellaneous receipts	168	158	285	472
For sale of investments on behalf of societies for reinvestment	2,256	7,434	4,789	100
Transfer from national health insurance fund (Ireland)	12,907	.....	.....	.....
National debt commissioners, withdrawal from temporary investments	.....	.....	350,000	.....
Total	19,392,881	21,337,753	22,680,639	26,959,166

ABSTRACT OF CASH PAYMENTS OF THE NATIONAL HEALTH INSURANCE FUND OF ENGLAND FOR THE YEARS 1917, 1918, 1919, AND 1920.

[Source: First annual report of the Ministry of Health, 1919-20. Part IV. Administration of national health insurance (1917 to March 31, 1920). Page 79. Second annual report of the Ministry of Health, 1920-21. Cmd. 1446. Page 209. £ at par = $4.8665.]

Item.	1917	1918	1919	1920
Societies for benefits and expenses of administration (including postal drafts paid and charges thereon)	£6,750,320	£7,315,955	£8,035,254	£10,264,344
Insurance committees for medical and sanatorium benefits and expenses of administration	4,721,460	5,472,410	6,338,731	10,116,617
War bonus allowances to medical practitioners	.....	.....	298,232	52,849
Deposit contributors, for benefits, etc	24,461	28,410	45,025	53,284
Navy and army insurance fund, for benefits	35,270	58,545	82,540	109,056
Sanatorium benefits for discharged seamen, marines, soldiers, and airmen (suspense account)	2,675	1,411	3,239	4,253
Refund of sanatorium benefits paid by other Government departments	368	.....	.....	.....
Refund of maternity benefits paid by other Government departments	22,616	15,545	18,630	9,807
Special grants toward cost of medical attendance of aged and disabled members of friendly societies	8,038	3,685	2,964	2,634
Stationery office charges for printing on behalf of societies and insurance committees	84	196	250	1,013
Refunds on account of health insurance stamps returned to commissioners	2,636	2,387	3,701	7,064
Refunds of contributions paid in error	68	97	69	107
Exchequer in respect of expenses of administration of navy and army insurance fund, exempt persons fund, and approved societies (officers) guaranty fund (England)	11,413	18,501	31,687	64,669
Board of education, for amounts payable under section 52 of national insurance act, 1911	649	684	1,322	.....
Ministry of Labor, health insurance stamps affixed to unemployment insurance books	1,371	966	560	473
Inland revenue, health insurance stamps affixed to income tax cards	36	73	97	111
Contributions to approved societies (officers) guaranty fund (joint committee)	11,589	6,102	6,022	6,788
Societies for losses by defalcations made good out of approved societies (officers) guarantee fund (England)	346	107	114	6
Miscellaneous payments	124	8	3	116
Societies for investment:				
Issues to societies	2,358,647	4,362,969	5,314,279	3,048,465
Issues to societies on behalf of national health insurance funds, other countries	14,287	.....	.....	1,799
Purchases on behalf of societies of securities selected by societies	1,137,497	1,447,216	2,134,310	1,068,979
National debt commissioners for temporary investment	3,860,000	1,840,000	.....	850,000
National debt commissioners for investment on behalf of approved societies (officers) guaranty fund (England)	6,500	.....	2,500	4,500
Payments to married women under section 22 (8) of national insurance act, 1918	.....	.....	.....	20,290
Payments to special fund constituted under section 27 of national insurance act, 1918	.....	.....	.....	125,500
Transfers to national health insurance funds, other countries	.....	.....	.....	97,154
Balance at end of year	422,426	762,486	361,110	936,188
Total	19,392,881	21,337,753	22,680,639	26,559,166

MINISTRY OF HEALTH.

The appropriations for the health insurance system will in the future be expended principally by the Ministry of Health for England and Wales, the Scottish Board of Health, and the Irish insurance commissioners. The figures for the Irish body are given in a form which does not correspond to those of the other bodies, and as the number of insured persons is not large the appropriations are not given here, to avoid complicating the statement. For the fiscal year ending March 31, 1921, the following amounts were appropriated to be disbursed by the ministry and the Scottish board for health insurance purposes.

APPROPRIATIONS FOR NATIONAL HEALTH INSURANCE TO THE MINISTRY OF HEALTH AND TO THE SCOTTISH BOARD OF HEALTH FOR THE YEAR ENDING MAR. 31, 1921.

[Source: Estimates for civil services for the year ending March 31, 1921. London, 1920. House of Commons Paper 2-VII of 1920. Pages 6, 7, and 20. £ at par=$4.8665.]

Contributions, benefits, etc., under the national insurance (health) act, 1911 to 1919.	Ministry of Health.		Scottish Board of Health.
	England.	Wales.	
Statutory contributions:			
Weekly contributions	£1,000	£400	£300
Medical and sanatorium benefits (grants in aid)	1,208,000	72,000	162,500
Sickness, disablement, and maternity benefits (grants in aid)	2,137,000	157,900	294,000
Expenses of administration, societies, and committees (grants in aid)	527,000	32,200	71,300
Special grants:			
Medical benefit (grants in aid)	4,835,000	314,000	712,000
Administration of medical benefit, etc. (grants in aid)	184,800	11,500	19,000
Medical referee—consultants, etc	155,000	10,000	7,100
Sanatorium benefit	45,000	5,000	7,500
Expenses of members of insurance committees	4,000	1,000	600

The above statement does not include the office of the minister of health nor the office of the Scottish secretary, which acts as the central authority over the insurance departments as well as over the other divisions of these two bodies. A relatively small amount for the printing, etc., of insurance stamps is also not included.

The items under "statutory contributions" are the two-ninths of expenditure for benefits, administration, etc., required by the law. Under the "special grants," the payments for medical benefit, including doctors' fees, make up the principal amount.

STAFF OF INSURANCE DEPARTMENT.

The number of persons on the staff of the insurance department of the ministry and the scale of salaries provided shows the organization of a staff to supervise the administration of the system, but it does not include the staff of the immediate office of the minister.

ORGANIZATION OF STAFF OF INSURANCE DEPARTMENT, MINISTRY OF HEALTH, 1920-21.

[Source: Estimates for civil services for the year ending Mar. 31, 1921, London, 1920. House of Commons Papers 2-VII of 1920. Page 10. £ at par=$4.8665.]

Occupation.	Minimum salary.	Annual increase.	Maximum salary.	1920-21.	
				Number on staff.	Amount spent for salaries.
Controller	£1,200	£50	£1,500	1	£1,388
Deputy controller	1,000	50	1,200	1	1,038
Assistant secretary	850	50	1,000	1	1,000
Heads of branches	850	25	1,000	3	2,594
Superintending clerks	550	20	700	15	8,635
First-class clerks	350	15	500	32	12,648
Second-class clerks	100	[1]	350	67	9,067
Superintendent of index clearance	[2] 600	.....	[2] 600	1	600
Staff clerk	300	15	400	1	308
Chief inspector	[2] 1,000	.....	[2] 1,000	1	1,000
Chief inspector (woman)	400	20	550	1	531
Divisional inspectors	550	20	700	10	6,623
Allowance to one for acting as deputy chief inspector	[2] 100	.....	[2] 100	.....	100
Inspectors	350	15	500	41	18,082
Inspectors (woman)	300	15	400	10	3,990
Assistant inspectors	100	[1]	350	87	16,054
Assistant inspectors (woman)	100	10	300	41	6,757
Health insurance officers	80	[3]	200	93	14,657
Health insurance officers (woman)	80	[3]	200	10	1,454

[1] Increase of £20 at end of first two years' service, then £10 per year up to £200, and then £15 per year up to maximum.
[2] Flat amount.
[3] £5 per year up to £110 then £7 10s. up to £150, and then £10 up to maximum.

Under the civil-service system a position is allotted a basic salary, which is increased by certain increments for periods of service. The office is a large one, as there is a mass of detail to be handled.

NATIONAL HEALTH INSURANCE JOINT COMMITTEE.

The scope of the work of the National Health Insurance Joint Committee has been changed in many respects by the ministry of health act of 1919 and by the new regulations issued under that act. The appropriations for this committee since 1912 have been as follows:

APPROPRIATIONS FOR THE NATIONAL HEALTH INSURANCE JOINT COMMITTEE, FOR FISCAL YEARS ENDING 1913 TO 1921.

[Source: Estimates for civil services, 1914–1921.]

Object of appropriation.	1912–13	1913–14	1914–15	1915–16	1916–17	1917–18	1918–19	1919–20	1920–21
	£	£	£	£	£	£	£	£	£
Salaries and allowances	24,020	14,127	16,964	15,575	13,059	12,846	12,998	1,750	2,280
Special inquiries and services	2,500	500	1,250	750	750	750	750	.....	.....
Traveling and incidental expenses	2,550	1,250	750	1,000	1,000	750	750	300	50
Insurance stamps, benefits, etc	8,500	6,000	5,000	5,600	5,600	5,900	5,900	.....	.....
Special drug fund (Great Britain)	.....	30,000	30,000	30,000	100	.....	.....	.....	.....
Mileage (Great Britain, excluding parts of Scotland)	.....	50,000	54,000	13,500	37,000	55,000	74,000	.....	.....
Administration of medical benefit, etc	.....	82,700	116,000	40,350	59,000	95,000	94,000	.....	.....
Medical research fund	.....	.....	56,500	56,500	50,500	50,000	54,600	.....	.....
Expenses of insurance committee	.....	.....	30,000	30,000	6,500	4,400	3,800	.....	.....
Arrears of contributions	.....	.....	80,000	100,000	100	100	.....	.....	.....
Sickness benefit (women)	.....	.....	500,000	150,000	100	10,000	[1] 225,000	[1] 250,000	[1] 250,000
Medical reference consultants, etc. (Great Britain)	.....	.....	50,000	50,000	.....	.....	.....	.....	.....
Supplementary medical service (Great Britain)	.....	.....	50,000	25,000	.....	.....	.....	.....	.....
Nursing grants	.....	.....	100,000	50,000	.....	.....	.....	.....	.....
Sanatorium benefit	.....	.....	100,000	50,000	35,000	35,000	75,000	.....	.....
Insurance committee (United Kingdom)	.....	22,650	.....	.....	.....	.....	.....	.....	.....
Medical attendance, etc., of aged and disabled members	.....	.....	28,000	.....	.....	.....	.....	.....	.....
Central fund	.....	.....	.....	.....	.....	.....	150,000	150,000	150,000
Total	37,570	207,227	1,218,964	618,275	208,709	269,746	696,798	402,050	402,330

[1] Women's equalization fund.

The larger appropriations for 1914–15 were due first to a grant of £500,000 ($2,433,250, par) for pregnancy benefit for the approved societies, which was later turned over to the women's equalization fund, and second to a grant of £100,000 ($486,650, par) for providing, on a national scale, a system of visiting nurses in connection with medical benefit. The latter appropriation was returned to the treasury because war conditions made it impossible to secure the nurses, and action on the project has been deferred. The total appropriations for the two years 1919–1921 are slightly in excess of £400,000 ($1,946,600, par) annually. Beginning with 1920–21, many of the accounts will be carried under the appropriations for the Ministry of Health, the Scottish Board of Health, and the Irish Insurance Commissioners.

RECEIPTS AND EXPENDITURES OF APPROVED SOCIETIES.

The operations of the approved societies as regards their receipts and expenditures down to the end of the year 1916 have been as follows:

RECEIPTS AND PAYMENTS OF APPROVED SOCIETIES, JULY 15, 1912, TO DECEMBER 31, 1916, UNDER SECTION 54 (1)[1] OF THE NATIONAL INSURANCE ACT, 1911.

[Source: National health insurance fund accounts. Appendix. Approved societies and insurance committees' receipts and payments: July 15, 1912, to Dec. 31, 1914. London, 1919. Cmd. 212. Page 2, 1915 and 1916. Cmd. 691. Page 2. As each item is given to the nearest pound, the totals do not exactly balance. £ at par=$4.8665.]

JULY 15, 1912, TO JANUARY 11, 1914.

Item.	Friendly societies with branches.	Friendly societies without branches.	Industrial and collecting societies.	Trade unions.	Employers' funds.	Total.
RECEIPTS.						
From national health insurance fund:						
England	£2,292,065	£1,851,885	£3,593,654	£956,606	£80,699	£8,774,909
Scotland	.....	322	.....	.....	.....	322
Other cash receipts	3,412	823	8,466	962	39	13,702
Balance owing to societies	20,358	212,188	14,836	84,590	2,852	334,825
Total	2,315,834	2,065,219	3,616,956	1,042,158	83,590	9,123,758
PAYMENTS.						
Benefits (net):						
Sickness, men	913,580	809,242	1,058,636	472,685	37,030	3,291,174
Sickness, women	222,008	287,366	1,067,138	120,495	10,512	1,707,520
Maternity, men	231,386	233,367	347,517	133,304	12,020	957,594
Maternity, women	3,822	4,213	21,265	1,262	93	30,655
Medical	.....	4,531	.....	.....	.....	4,531
Sanatorium	.....	924	.....	.....	.....	924
Other charges to benefit fund	290	4,360	1,053	954	44	6,702
Total benefits	1,371,087	1,344,003	2,495,609	728,701	59,701	5,999,101
Administration (net)	[2] 571,198	600,550	852,324	262,241	19,694	2,306,007
Balances in hands of societies	373,550	120,665	269,024	51,217	4,194	818,650
Total	2,315,834	2,065,219	3,616,956	1,042,158	83,590	9,123,758

JANUARY 12, 1914, TO DECEMBER 31, 1914.

RECEIPTS.						
From national health insurance fund:						
England	£1,863,092	£1,826,049	£3,562,346	£957,142	£72,896	£8,281,524
Scotland	26	.....	.....	.....	.....	26
Wales	.....	6	.....	.....	.....	6
Other cash receipts	3,819	7,870	23,156	2,095	202	37,142
Balances Jan. 11, 1914	372,828	121,387	269,024	51,217	4,194	818,650
Balances owing to societies	24,890	187,551	13,066	65,109	3,838	294,454
Total	2,264,655	2,142,864	3,867,591	1,075,562	81,131	9,431,802

[1] Act of 1911, section 54.—(1) All sums received in respect of contributions under this part of this act and all sums paid out of moneys provided by Parliament under this part of this act in respect of the benefits thereunder and the expenses of administration of such benefits shall be paid into a fund, to be called the national health insurance fund, under the control and management of the insurance commissioners, and the sums required to meet expenditure properly incurred by approved societies and insurance committees for the purposes of the benefits administered by them and the administration of such benefits shall be paid out of that fund.

[2] This amount includes payments charged in the administration accounts of branches in respect of levies for the purpose of meeting the administration expenses of head office and districts. The sum of £7,835 10s. 8d. remained in the hands of head office and districts not expended Jan. 11, 1914.

RECEIPTS AND PAYMENTS OF APPROVED SOCIETIES, ETC.—Continued.

JANUARY 12, 1914, TO DECEMBER 31, 1914—Concluded.

Item.	Friendly societies with branches.	Friendly societies without branches.	Industrial and collecting societies.	Trade unions.	Employers' funds.	Total.
PAYMENTS.						
Benefits (net):						
Sickness, men	£974,419	£865,546	£1,270,283	£513,908	£39,640	£3,663,796
Sickness, women	236,103	282,671	1,044,012	94,611	8,992	1,666,388
Disablement, men	43,090	29,294	26,270	14,749	1,431	114,835
Disablement, women	7,317	8,623	17,175	1,829	337	35,281
Maternity, men	200,700	230,529	355,076	132,704	11,413	930,423
Maternity, women	16,927	19,188	123,461	12,678	640	172,894
Medical	.....	11,107	.....	.....	.....	11,107
Sanatorium	.....	2,641	.....	.....	.....	2,641
Other charges to benefit fund	1,348	7,989	6,936	572	185	17,030
Total benefits	1,479,904	1,457,586	2,843,212	771,052	62,639	6,614,393
Administration (net)	[3] 386,581	395,977	626,829	179,309	12,132	1,600,829
National health insurance fund (Scotland)	25	19	.....	817	.....	861
Balances Jan. 11, 1914	20,344	212,202	14,836	84,590	2,852	334,825
Balances in hands of societies	377,800	77,079	382,714	39,793	3,508	880,894
Total	2,264,655	2,142,864	3,867,591	1,075,562	81,131	9,431,802

[3] This amount includes payments charged in the administration accounts of branches in respect of levies for the purpose of meeting the administration expenses of head office and districts. The sum of £10,920 7s. 9d. remained in the hands of head office and districts not expended Dec. 31, 1914.

YEAR ENDING DECEMBER 31, 1915.

Item.	Friendly societies with branches.	Friendly societies without branches.	Industrial and collecting societies.	Trade unions.	Employers' funds.	Total.
RECEIPTS.						
From national health insurance fund:						
England	£1,796,898	£1,879,632	£2,989,495	£879,158	£76,162	£7,621,345
Scotland	41	2	1	.....	.....	43
Wales	17	22	.....	29	.....	68
Other cash receipts	10,804	19,934	35,343	3,431	528	70,040
Balances Dec. 31, 1914	377,778	77,101	382,714	39,793	3,508	880,894
Balances owing to societies Dec. 31, 1915	16,340	83,384	7,201	51,980	2,636	161,541
Total	2,201,877	2,060,076	3,414,754	974,391	82,834	8,733,931
PAYMENTS.						
Benefits (net):						
Sickness, men	848,430	716,133	875,829	398,824	35,025	2,874,241
Sickness, women	205,669	245,332	802,410	77,038	8,577	1,339,026
Disablement, men	152,388	115,370	135,621	63,691	5,306	472,376
Disablement, women	35,372	43,513	111,531	10,170	1,563	202,153
Maternity, men	193,442	216,137	329,500	121,810	10,674	871,565
Maternity, women	16,091	18,134	109,483	10,708	589	155,005
Medical	.....	9,792	.....	.....	.....	9,792
Sanatorium	.....	3,130	.....	.....	.....	3,130
Other charges to benefit fund	2,612	9,829	10,876	2,346	285	25,948
Total benefits	1,454,008	1,377,370	2,375,251	684,588	62,019	5,953,236
Administration (net)	[4] 405,572	413,125	786,813	178,861	12,242	1,796,713
National health insurance fund:						
Scotland	.....	6	.....	3,356	.....	3,362
Ireland	.....	.....	.....	6	1	7
Wales	.....	3	.....	384	1	388
Balances Dec. 31, 1914	24,872	187,567	13,066	65,109	3,840	294,454
Balances in hands of societies	317,425	82,004	239,623	41,988	4,731	785,772
Total	2,201,877	2,060,076	3,414,754	974,391	82,834	8,733,931

[4] This amount includes payments charged in the administration accounts of branches in respect of levies for the purpose of meeting the administration expenses of head office and districts. The sum of £12,903 8s. 11½d. remained in the hands of head office and districts not expended Dec. 31, 1915.

RECEIPTS AND PAYMENTS OF APPROVED SOCIETIES, ETC.—Concluded.

YEAR ENDING DECEMBER 31, 1916.

Item.	Friendly societies with branches.	Friendly societies without branches.	Industrial and collecting societies.	Trade unions.	Employers' funds.	Total.
RECEIPTS.						
From national health insurance fund:						
England	£1,613,159	£1,614,898	£2,926,056	£805,165	£65,053	£7,024,332
Scotland	.....	.....	.....	30	.....	30
Ireland	.....	.....	.....	3	.....	3
Wales	.....	2	.....	35	.....	37
Other cash receipts	22,457	32,892	60,039	4,624	672	120,683
Balances Dec. 31, 1915	317,031	82,398	239,623	41,988	4,731	685,772
Balances owing to societies	15,660	91,445	2,264	57,990	2,582	169,942
Total	1,968,307	1,821,636	3,227,982	909,835	73,038	8,000,799
PAYMENTS.						
Benefits (net):						
Sickness, men	698,449	602,041	767,447	351,404	29,366	2,448,707
Sickness, women	178,203	212,631	665,686	66,663	7,403	1,130,585
Disablement, men	183,200	145,036	182,749	82,598	6,428	600,011
Disablement, women	48,900	62,061	168,097	15,269	1,981	296,309
Maternity, men	186,439	208,456	308,211	117,573	9,699	830,379
Maternity, women	16,523	18,471	102,308	9,428	562	147,293
Medical	.....	7,904	.....	.....	.....	7,904
Sanatorium	.....	3,112	.....	.....	.....	3,112
Other charges to benefit fund	3,433	14,602	14,312	2,836	414	35,596
Total benefits	1,315,146	1,274,316	2,208,810	645,772	55,853	5,499,896
Administration (net)	[5] 389,579	403,476	790,252	175,704	12,447	1,771,457
National health insurance fund—						
Scotland	.....	16	.....	.....	.....	16
Wales	.....	3,703	.....	.....	.....	3,703
Balances Dec. 31, 1915	16,335	83,388	7,201	51,980	2,636	161,541
Balances in hands of societies	247,246	56,736	221,719	36,380	2,103	564,185
Total	1,968,307	1,821,636	3,227,982	909,835	73,038	8,000,799

[5] This amount includes payments charged in the administration accounts of branches in respect of levies for the purpose of meeting the administration expenses of head office and districts. The sum of £14,699 13s. 6½d. remained in the hands of head office and districts not expended Dec. 31, 1916.

For the years 1917 to 1920 the annual reports of the Ministry of Health (Cmd. 913 and 1446) present the figures in a slightly different form, so no attempt has been made to combine them with the preceding table. The statement is as follows:

APPROXIMATE RECEIPTS AND PAYMENTS OF APPROVED SOCIETIES (ENGLAND) 1917, 1918, 1919, AND 1920.

[Source: First annual report of the Ministry of Health, 1919-20. Part IV. Administration of national health insurance (1917 to Mar. 31, 1920). Page 77. Second annual report of the Ministry of Health, 1920-21. Cmd. 1446. Page 207. £ at par = $4.8665].

Item.	1917	1918	1919	1920
RECEIPTS.				
From national health insurance fund (England)	£6,750,320	£7,315,955	£8,035,254	£10,264,000
Other receipts	292,728	459,631	683,026	868,000
Balances (net) brought forward Jan. 1	394,243	438,053	449,272	617,000
Total	7,437,291	8,213,639	9,167,552	11,749,000
PAYMENTS.				
Benefits (net):				
Sickness, men	2,277,815	2,610,150	2,806,350	3,356,000
Sickness, women	1,119,040	1,388,080	1,264,500	1,598,000
Sickness, women, Class K	.....	780	5,960	15,000
Disablement, men	644,560	665,625	699,640	994,500
Disablement, women	340,585	377,070	411,560	596,500
Maternity, men	680,400	637,550	710,100	1,159,000
Maternity, women	140,285	150,975	161,940	230,000
Maternity, women, Class K	.....	2,460	49,450	151,000
Other benefit fund charges, including married women's credits	45,000	87,175	331,040	61,000
Total benefits	5,247,685	5,919,865	6,440,540	8,161,000
Administration (net)	1,751,553	1,844,502	2,110,286	2,633,000
Balance (net), Dec. 31	438,053	449,272	616,726	955,000
Total	7,437,291	8,213,639	9,167,552	11,749,000

RECEIPTS AND EXPENDITURES OF INSURANCE COMMITTEES.

The following table shows the financial operations of the insurance committees in their administration of the medical and sanatorium benefits down to the end of the year 1916.

RECEIPTS AND PAYMENTS OF INSURANCE COMMITTEES, 1912 TO 1916, UNDER SECTION 54 (1) [1] OF THE NATIONAL INSURANCE ACT, 1911.

[Source: National health insurance fund accounts. Appendix. Approved societies and insurance committees' receipts and payments, July 15, 1912, to December, 31, 1916. London, 1919. Cmd. 212. Page 6. 1915–196, Cmd. 691. Page 6. As each item is given to the nearest pound, the totals do not exactly balance. £ at par=$4.8665.]

Item.	From July 15, 1912, to Jan. 11, 1914.	From Jan. 12, 1914, to Dec. 31, 1914.	Year 1915.	Year 1916.
RECEIPTS.				
From commissioners for medical and sanatorium benefits and expenses of administration	£4,622,343	£5,377,462	£4,501,524	£4,975,530
Other receipts:				
For benefits of deposit contributors	288	438	510	677
From approved societies	7,501	15,657	18,101	18,431
Interest	6,494	7,969	6,619	6,721
Sundries	5	7	54	42
Balances brought forward	.....	661,980	444,061	332,511
Total	4,636,631	6,063,513	4,970,869	5,333,911
PAYMENTS.				
Medical benefit (including temporary residents) [1]	3,371,800	4,855,206	3,971,809	4,354,037
Mileage	1,928	19,583	18,072	19,845
Sanatorium benefit [2]	339,146	440,136	403,300	330,078
Administration [3]	260,855	301,956	241,948	235,068
Other payments:				
Benefits of deposit contributors	287	429	490	703
Sundries	635	2,142	2,740	2,335
Balances in hands of insurance committees	661,980	444,061	332,511	391,846
Total	4,636,631	6,063,513	4,970,869	5,333,911

[1] See note (a) to table on page 75.

[2] The payments shown for medical benefit include payments to practitioners in respect of the domiciliary treatment of persons suffering from tuberculosis. The sums payable under this heading in respect to the above periods were as follows: Period from July 15, 1912, to Jan. 11, 1914, £263,207 7s. 3d.; period from Jan. 12, 1914, to Dec. 31, 1914, £249,278 15s. 7d.; year 1915, £237,090 19s. 5d.; year 1916 £224,927 11s. 7d.

[3] The payments shown for administration include the proportion of the expenses of administration attributable to sanatorium benefit.

For the three-year period 1917–to 1920, the receipts and payments are given in the Ministry of Health reports as follows:

APPROXIMATE RECEIPTS AND PAYMENTS OF INSURANCE COMMITTEES (ENGLAND) 1917, 1918, 1919, AND 1920.

[Source: First annual report of the Ministry of Health, 1919–20. Part IV. Administration of national health insurance (1917 to March 31, 1920.) Page 77. Second annual report of the Ministry of Health, 1920–21. Cmd. 1446. Page 207. £ at par=$4.8665.]

Item.	1917	1918	1919	1920
RECEIPTS.				
From national health insurance fund (England)	£4,721,460	£5,472,410	£6,338,731	£10,117,000
Other receipts	27,965	39,116	30,590	22,000
Balances brought forward Jan. 1	391,846	400,937	404,643	520,000
Total	5,141,271	5,912,463	6,773,964	10,659,000
PAYMENTS.				
Medical benefit	4,092,164	4,774,963	5,036,999	7,889,000
Mileage	30,682	42,427	40,205	128,000
Sanatorium benefit	361,113	403,191	563,440	839,000
Administration	225,789	261,204	341,985	437,000
Other payments	30,586	26,035	9,668	9,000
War allowances to doctors	.....	.....	261,469	302,000
Balances Dec. 31	400,937	404,643	520,198	1,055,000
Total	5,141,271	5,912,463	6,773,964	10,659,000

Throughout the period referred to in the preceding tables, the amounts received and paid out have fluctuated only within narrow limits. Attention should be called, however, to items under expenditure of the National Health Insurance Joint Committee and the Ministry of Health, where the special grants provided for medical service are listed.

STATISTICS OF SICKNESS.

The British insurance system had barely gotten a fair start when the war made necessary a drastic reduction in expenditure of money and of man power for social-welfare purposes. One of the subjects which was immediately held in abeyance was the collection of all statistical data. For this reason there is very little published information as to sickness rates, death rates, etc., of the insured population in connection with the insurance system.

The following tables are reproduced from the reports of the chief medical officer of the Ministry of Health.

Causes of death.—The relative importance of the causes of death among the English population as a whole during 1921 is shown in the following table:

CAUSES OF DEATH IN ENGLAND AND WALES, 1921.

[Source: Annual report of the chief medical officer of the Ministry of Health for the year 1921. London, 1922. Page 13.]

Cause of death.	Number of deaths	Proportion per 1,000 deaths from all causes.
Measles	2,241	5
Whooping cough	4,576	10
Diphtheria	4,772	10
Influenza	8,995	20
Tuberculosis of respiratory system	33,505	73
Other forms of tuberculosis	9,173	20
Cancer	46,022	100
Diseases of nervous system and sense organs	48,217	105
Disease of the heart	53,707	117
Other diseases of circulatory system	14,571	32
Bronchitis	33,684	73
Pneumonia	34,708	76
Other diseases of respiratory system	5,707	12
Diarrhea and enteritis	17,086	37
Other diseases of digestive system	18,329	40
Diseases of genito-urinary system	17,862	39
Premature birth and diseases of early infancy	26,442	58
Old age	27,406	60
Violence (all forms)	16,501	36
Other causes	35,125	77
Total	458,629	1,000

The principal causes of death in 1921 were about the same as in the preceding years. Diseases of the heart, diseases of the nervous system, and cancer caused nearly one-third of the total deaths, while pneumonia, bronchitis, and tuberculosis caused nearly one-fourth.

To show the nature of the sickness which causes the serious loss of working power to the insured population, referred to elsewhere, the chief medical officer prepared two statements of proportionate morbidity in representative areas; the first statement, for 1916, included about 5,000 cases, while the second, for 1921, included about 36,000 cases. The cases were taken from the records of representative insurance practitioners in various cities. The data are as follows:

PROPORTION OF CERTAIN DISEASES AMONG INSURED PERSONS IN REPRESENTATIVE CITIES, 1916 AND 1921.

[Source: Annual report of the chief medical officer of the Ministry of Health for the year 1920, page 39; for the year 1921, page 28.]

Disease.	1916, both sexes.		1921					
			Both sexes.		Males.		Females.	
	Number of cases.	Proportion per 1,000 cases.	Number of cases.	Proportion per 1,000 cases.	Number of cases.	Proportion per 1,000 cases.	Number of cases.	Proportion per 1,000 cases.
Influenza	386	76.1	3,097	85.3	2,004	90.2	1,093	77.5
Tuberculosis, all forms	62	12.2	505	13.9	320	14.4	185	13.1
Organic heart disease	112	22.1	520	14.3	355	16.0	165	11.7
Anemia	202	39.8	1,157	31.9	74	3.3	1,083	76.8
Bronchitis, bronchial and nasal catarrh, cold, etc	920	181.3	7,739	213.0	4,988	224.4	2,751	195.2
Pneumonia and other diseases of the respiratory system	351	69.2	537	14.8	395	17.8	142	10.1
Diseases of digestive system	726	143.1	4,766	131.2	2,797	125.8	1,969	139.6
Diseases of genito-urinary system	144	28.4	912	25.1	339	15.3	573	40.6
Diseases of nervous system and special senses	340	67.0	1,775	48.9	1,088	49.0	687	48.7
Skin diseases	239	47.1	1,741	47.9	1,039	46.7	702	49.8
Injuries and accidents	308	60.7	2,871	79.0	2,358	106.1	513	36.4
Abscess, boils, and other septic conditions	249	49.1	2,503	68.9	1,647	74.1	856	60.7
Lumbago, rheumatism, etc	336	66.3	3,181	87.6	2,201	99.0	980	69.5
Debility, neuralgia, and headache	285	56.0	1,999	55.0	855	38.5	1,144	81.1
Malignant disease[1]	.....	.....	66	1.8	45	2.0	21	1.5
Other diseases	414	81.6	2,956	81.4	1,720	77.4	1,236	87.7
Total	5,074	1,000.0	36,325	1,000.0	22,225	1,000.0	14,100	1,000.0

[1] Not given separately for 1916.

From the table it will be noted that the serious diseases, such as tuberculosis, malignant disease, and organic heart disease, are relatively few in number, though they are conspicuous in the mortality tables. Such diseases as bronchitis and disorders of the digestive tract are prominent as causes of disability and prevent the insured population from following their usual occupations, though these diseases do not form so large a percentage as causes of death.

OPERATIONS OF TYPICAL INDIVIDUAL CARRIERS.

FRIENDLY SOCIETIES.

Review of the year 1919.—The attitude of the great friendly orders to the insurance system is always of importance, as they are the carriers for the largest proportion of the insured persons. The following comment on the experience of these societies in 1919 is reproduced from an insurance journal.[6]

The year 1919 has been one of reconstruction for British friendly societies. The war brought heavy claims upon their funds, and the fall in membership resulting from the deaths of many thousands of members on active service was intensified by the reluctance to accept young men of military age, other than those who came from the juvenile branches, because of the heavy liability involved. Many of the societies suspended the payment of sickness benefit to members on active service, retaining them as members and paying the funeral claim in the event of death. The Manchester Unity of Odd Fellows gave its service members the option of paying their own

[6] The National Insurance Gazette, London, Saturday, Jan. 17, 1920, p. 34.

contributions and receiving their full benefits or leaving the contributions unpaid and receiving only death payments, in which event the members at home paid 50 per cent of the contributions to provide the necessary reserves. A considerable percentage of the service members elected to pay their own contributions, and in the result the claims for sickness and disablement from wounds, though above the average, amounted to less than the general expectation.

Most of the societies are considering various forms of memorials of members who served in the Great War. Some have already their war memorials in existence. The Manchester Unity of Odd Fellows, who received £438,357 [$2,133,264, par] on account of contributions of members serving in the forces, has inaugurated an orphan fund as a permanent war memorial. The voluntary gifts to this fund now exceed £6,800 [$33,092, par], and the annual income from levy reaches £3,500 [$17,033, par]. The beneficiaries receive from birth to 5 years old 5s. [$1.22, par] per week; from 5 to 7, 6s. [$1.46, par]; from 7 to 9, 7s. [$1.70, par]; from 9 to 11, 8s. [$1.95, par]; from 11 to 13, 10s. [$2.43, par], and from 13 to 16, 12s. 6d. [$3.04, par] per week. The Ancient Order of Foresters has also decided upon a fund for widows and orphans, and the Hearts of Oak Benefit Society will establish a permanent memorial.

Reconstruction schemes.—The societies are finding it necessary to consider reconstruction schemes to adapt their contributions and benefits to the changed circumstances produced by the war. The rise in wages and the cost of living are giving renewed opportunities to the friendly societies, as many insured persons are now realizing the need for additional insurance in time of sickness. This is encouraging the societies to devise new and attractive benefit proposals. The Manchester Unity of Odd Fellows has decided that all members joining the society * * * must subscribe for an annuity benefit payable at 70 years of age, when the sickness benefit will cease. The Ancient Order of Foresters has decided upon new tables for future members, providing for the payment of sickness benefits up to 70, when contributions will cease, with the option of contributing for an annuity benefit from 70 onward. It has also decided to set up a contingency fund, which will be at the call of every court in the order according to its need.

The aggregate membership of British friendly societies is about 7,000,000; the reserve funds to meet future liabilities total £60,000,000 [$291,990,000, par]; the annual income is about £8,000,000 [$38,932,000, par]; and the payments are about £6,000,000 [$29,199,000, par]. These figures show how great a work the voluntary friendly societies are doing, even against the competition of a compulsory insurance scheme, and how considerable a part they still play in the social life of the workers.

The following are particulars of the principal societies:

The Manchester Unity of Odd Fellows holds pride of place and is the only friendly society with a subscribing membership exceeding 1,000,000. The aggregate independent membership is 1,058,155, and the State section has a membership of 971,668. During the war period the deaths of members increased from 10,777 in 1913 to 20,529 in 1918. The funds of the society amount to £17,972,990 [$87,465,556, par]. The annual income is £2,332,683 [$11,352,002, par], and payments £1,970,808 [$9,590,937, par].

The Ancient Order of Foresters has an independent membership of 981,674 and a State insured membership of 721,767. The reserve capital amounts to £11,098,754 [$54,012,086, par], and the order is looking forward to a period of prosperity under peace conditions. The high court at Norwich in August last carried a complete reconstruction of the tables of contributions and benefits, and with the operation of the new contingencies fund there should result a considerable further strengthening of the financial reserves.

The Hearts of Oak Benefit Society had an independent membership on November 30 of 379,116 and a State membership of 471,026. The admissions from Whitsuntide to November 22 number 17,670. For the 11 months to November 30 the society admitted 22,686 voluntary members and 16,795 State-insured members. The income for the 11 months was £692,767 [$3,371,351], and the payments, £438,068 [$2,131,858, par]. The total capital on November 30 was £5,385,434 [$26,208,215, par]. The society had 8,909 members killed or died on active service and paid in respect of them £168,251 [$818,793, par].

The National Deposit Friendly Society, the jubilee of which was celebrated at Nottingham in May, continues to make considerable progress. From January to October 30 the society admitted 52,942 new members into the deposit section and 25,941 into the State-insured section. The membership at the end of 1918 was 456,231 and the funds £2,710,304 [$13,189,694, par.] The president has offered to give the

society a freehold site of about 3 acres, near Skegness, and to contribute to the cost of building a convalescent home as a jubilee war memorial, conditional on the members generally and generously contributing to the memorial.

The Independent Order of Rechabites has a total membership of 799,476. This order has the distinction of the largest juvenile membership, numbering 403,519. It has also a State-insured membership of 427,882. The capital amounts to £3,464,-369 [$16,859,352, par].

Statistics of other societies are:

Ashton Unity of Shepherds: Independent members, 214,000; State insured, 189, 512; funds, £1,491,189 [$7,256,871, par].

Order of the Sons of Temperance: Independent members, 270,000; State insured, 142,890.

Rational Association: Members, 174,454; State insured 124,700; capital, £740,540 [$3,603,838, par].

Grand United Order of Odd Fellows: Members, 502,656 (of whom 370,036 are in America); State insured, 95,072; funds, £2,107,498 [$10,256,139, par].

Order of Druids: Independent members, 108,700; State insured, 94,000; capital, £282,521 [$1,374,888, par].

United Ancient Order of Druids: Independent members, 213,777; State insured, 69,057; funds, £1,470,302 [$7,155,225, par].

National Independent Order of Odd Fellows: Independent members, 120,525; State insured, 80,000; funds, £597,000 [$2,905,301, par].

National Order of Free Gardeners: Independent members, 50,513; State insured, 67,268; funds, £273,938 [$1,333,119, par].

British Order of Free Gardeners: Independent members, 77,728; State insured, 67,268; capital, £441,712 [$2,149,591, par].—The Daily Telegraph, from its society correspondent.

ESTABLISHMENT FUND.

One of the types of organization authorized to act as an approved society is the establishment fund or employers' provident fund. An instance of this type is the following:[7]

South Metropolitan Gas Company's Employees' Provident Society.

EXTRACTS FROM REPORT OF THE COMMITTEE OF MANAGEMENT AND ACCOUNTS FOR THE YEAR ENDING DECEMBER 31, 1918.

The year which saw the suspension of hostilities in the Great War was probably the most severe in the experience of approved societies since the national health insurance scheme came into operation; and in this respect our own society formed no exception.

Sickness was very heavy; and management, both in its financial and administrative aspects, more exacting. The constantly changing status of members from civilian to military—from military back again to civilian—was a growing source of complexity, affecting in many ways the transaction of the ordinary State business of the society.

The insurance commission (now the Ministry of Health) did their best to simplify matters; but it is not unfair to say that the arrangements made by the Government were, perhaps unavoidably, inadequate. In these circumstances, the company made good the shortcomings of the State; and the directors, to whom thanks are due, will be gratified to know that our members deeply appreciate what is done on their behalf to carry out with good will the purposes which the approved society was intended to fulfill.

State membership.—Membership of the society at the end of 1918 was 5,211 as compared with 5,381 in December, 1917, a decrease of 170. This reduction was due partly to the temporary and uncertain conditions of employment in the company during the war, and partly to the unusually high death roll during the year under report.

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[7] The National Insurance Gazette, London, Feb. 7, 1920, p. 71.

State benefits.—It will be remembered that serving soldiers and sailors are not entitled to sickness or disablement benefit, but their wives retain the right to claim maternity benefit. An analysis of the society's experience gives the following results:

Year.	Sickness benefit.				Disablement benefit.		
	Number of claims paid.	Percentage of total civilian membership.	Total cost.	Average cost per member per week.	Claims paid.	Amount paid.	Average cost per member per week.
			£ s. d.	d.		£ s. d.	d.
1916	1,614	43.30	2,027 12 10	2.51	67	306 17 10	0.379
1917	1,619	44.46	2,133 10 3	2.70	110	390 7 6	.494
1918	2,093	61.55	2,852 8 1	3.87	142	494 2 6	.670

A return is also appended showing the annual sickness records of the society since the year 1901, from which it appears that the average length of sickness in days per member was 14.54 in 1918, as against 10.17 for 1917, an increase of 4.37 days. It will be seen that the amount of sickness during 1918 was higher than in any previous year. This result is not peculiar to our own society. It is attributable entirely to the serious influenza epidemic which swept over the country toward the end of 1918. with most deplorable consequences. Of the total sickness claims in our own society, influenza alone accounted for as many as 40 per cent, as against 15 per cent in the previous year, whilst the aggregate period of sickness produced amounted to 12,482 days in 1918, as against 3,379 in 1917; and the charge on the State funds alone was £993 [$4,832.43, par], as compared with £256 [$1,245.82, par] in the preceding year.

Another matter which the committee view with some anxiety is the increase in the number of cases of pulmonary tuberculosis. As against 10 cases in 1917, there were 18 in 1918. Of these, 6 were discharged soldiers, and it may be that war conditions have accelerated the disease amongst those civilian members in whom its existence had not sooner been discovered.

Sick nursing and visiting.—The more experience we have of the nursing services the greater is our admiration of the way in which the "Ranyard" and "Queen's" nurses carry out their duties. No fewer than 156 visits were paid to our own members during 1918. These visits occupy sometimes from two to three hours each, and have been repeated as often as three times a day. Indeed, in very serious cases a skilled nurse would remain with the patient the whole night through. Voluntary service of this kind is beyond praise.

Maternity benefits.—The claims for maternity benefit fell to a remarkable extent during the year under report, as the following figures will show:

Year.	Claims paid.	Total amount.	Average cost per member per week.
		£ s.	d.
1916	471	706 10	0.62
1917	391	586 10	.50
1918	281	421 10	.37

Members continue to avail themselves of the society's midwifery scheme, with satisfactory results.

Administration expenses.—The total amount spent in administration for the year was £616 10s. 4d. [$3,000.28, par], which is equivalent to 0.54d. [1.1 cent, par] per member per week. This is a reduction of 0.19d. [.39 cent, par] on the figures for 1917, which worked out at 0.73d. [1.48 cent, par] per member per week. There is thus a surplus in the administration account of £75 1s. 3d. [$365.29, par]. But although this result is satisfactory, it would not have been attained had not the company relieved the society from the increased expenditure on account of war bonuses and allowances paid to the staff at home and on active service.

INDUSTRIAL INSURANCE SOCIETY.

The industrial insurance companies are authorized to act as carriers of the national system and they arrange this by creating a separate organization for the purpose. One of the largest of the societies of this type is the following:[8]

Prudential Approved Society for Men.

ANNUAL REPORT FOR 1919.

The committee of management have much pleasure in presenting their report and statement of accounts for the year ending December 31, 1919.

During the year, 126,477 new members were admitted, of whom 107,305 joined the society in England, 12,459 in Scotland, 3,127 in Wales, and 3,586 in Ireland.

The total active membership of the society, including those serving in the forces, exceeds 1,600,000.

The sum of £569,415 10s. 7d. [$2,771,061, par] was paid during the year as sickness benefit; £150,177 9s. 3d. [$730,839, par] as disablement benefit; and £149,172 5s. 5d. [$725,947, par] as maternity benefit, making, together with subscriptions of £44 9s. 1d. [$216.34, par] to charitable institutions for the benefit of members, a grand total of £868,809 14s. 4d. [$4,228,062, par] paid in benefits during the 53 weeks dealt with in the year's accounts, as compared with £758,389 4s. [$3,690,701, par] in 1918, a period of 52 weeks.

The cost of sickness benefit for the year, after making full allowance for the members serving in the navy or army, was only 71 per cent of that allowed for in the original estimates of the actuarial advisers of the Government.

The sum of £1,132,223 7s. 9d. [$5,509,965, par] was invested by the trustees during the year.

The total amount invested by the trustees to the end of the year was £3,507,437 12s. 2d. [$17,068,945, par], the average rate of interest earned on this sum during 1919 being £5 4s. 2d. per cent.

The amount invested in British Government securities is £3,111,630 5s. 11d. [$15,142,749, par].

In addition to the investments by the trustees the sum of £780,432 [$3,797,972, par] has been transferred to the credit of the society in the national health insurance fund investment accounts, making a total of £2,564,119 [$12,478,285, par] now standing to our credit in those accounts. The rate of interest per annum received on this sum is 4 per cent.

The sums paid in benefits during the year 1919 by the four prudential approved societies were as follows: Sickness benefit, £1,048,721 4s. 10d. [$5,103,602, par]; disablement benefit, £318,897 4s. 8d. [$1,551,913, par]; maternity benefit, £202,314 8s. 5d. [$984,563, par]; married women's benefit, £118,088 15s. 7d. [$574,679, par]; subscriptions to hospitals, etc., £88 18s. 2d. [$433, par]; making a grand total of £1,688,110 11s. 8d. [$8,215,190, par] (for a period of 53 weeks), as compared with £1,492,207 15s. 1d. [$7,261,829, par] during the previous year.

CASH SUMMARY FOR 1919.

Receipts.

	£	s.	d.
Balance brought forward	133, 153	14	6
Benefit adjustments in respect of period to Dec. 31, 1918	2, 321	7	7
From national health insurance fund	989, 379	8	2
Interest and dividends	149, 256	17	8
Other receipts	522	13	4
Total	1, 274, 634	1	3

[8] The National Insurance Gazette, London, June 12, 1920. p. 284.

Payments.

	£	s.	d.	£	s.	d.
Benefits:						
Sickness benefit	569,415	10	7			
Disablement benefit	150,177	9	3			
Maternity benefit	149,172	5	5			
Subscriptions to hospitals, etc	44	9	1			
Total				869,809	14	4
Administration expenses:						
Paid to Prudential Assurance Co. (Ltd.), under agreement	227,049	11	10			
Salaries and committee fees	1,165	6	10			
Medical referees	4,145	3	9			
Sick visitors	27,171	17	11			
Arbitration fees and expenses	57	2	10			
Transfer of securities	85	4	4			
Incidental expenses	26	0	7			
Total				259,700	8	1
Balance carried forward				146,123	18	10
Total				1,274,634	1	3

INVESTMENT CASH SUMMARY FOR 1919.

Receipts.

Balance Dec. 31, 1918	60	15	1
From national health insurance fund	1,132,592	0	0
Total	1,132,652	15	7

Expenditures.

Investments	1,132,223	7	9
Balance Dec. 31, 1919	429	7	10
Total	1,132,652	15	7

CHAIRMAN'S SPEECH.

This is the eighth annual meeting of the society and I am pleased to say, as I have on previous occasions when making my annual report, that the membership of our societies is being well maintained.

When one realizes the number of societies in existence, and the energy displayed in their endeavors to get new members, it speaks well, I think, for our administration that there is an increasing desire to join one of the prudential approved societies.

Last year we added 126,000 new members, which is a considerable increase on the previous year when the number was approximately 90,000.

This large annual influx of members does not necessarily mean a net increase in our membership, for, as you are aware, there is in every year a big natural wastage due to deaths and passing out of insurance of members and to other causes.

It is now more than 18 months since the armistice was signed, and although we try to forget so far as we possibly can the ravages of the Great War, yet its effects are with us from day to day, and present themselves whenever we deal with matters affecting the population as a whole.

At the end of 1919, 236,000 of our members were either still in His Majesty's forces or had not notified us of their discharge, as you know, the remaining members of the temporary army were demobilized in April last, so that from this special point of view we are now only concerned with those who have permanently adopted the navy or army as a profession.

Sickness experience.—The sickness experience of those members who have served probably throws a greater burden upon the societies than would have been the case had they continued to follow their ordinary civil vocations. It is, therefore, more than gratifying to know that the cost of sickness benefit for the year was only 71 per cent of that allowed for in the original estimates of the actuarial advisers to the Government.

The accounts show that the amount paid during the year in sickness and disablement benefits was £719,592 19s. 10d. [$3,501,899, par].

As a result of the influenza epidemic at the commencement of the year the amount paid in these benefits during the first six months was £95,000 [$462,318, par] in excess

of that paid during the corresponding period of 1918, but in the second six months of 1919 the amount so paid was £23,000 [$111,930, par] less than in the second half of 1918.

Maternity benefit.—The experience of the society as regards maternity benefit presents some interesting features. The total amount paid for this benefit was £149,172 [$725,945.54, par], which is nearly £23,500 [$114,362.75, par] in excess of the sum so paid during 1918. This increase is almost entirely due to the last quarter of the year, the average number of maternity claims per week having been approximately 1,600 between January 1 and August 30; 1,750 during September; 2,400 during October and November, and nearly 3,000 during December. The experience of December—that is nearly 3,000 maternity claims per week—is twice as heavy as that of December, 1918, and it will interest you to know that this large number has been maintained so far this year. This, while expensive to the society, is highly satisfactory from the national point of view.

Ten million two hundred and fifty thousand pounds paid in benefits.—As showing the magnitude of the work of the prudential approved societies, I may perhaps mention that the total amount paid by the four societies in benefits from January, 1913, to the end of 1919, a period of seven years, was approximately £10,250,000 [$49,881,625, par].

The accounts in your hands include an investment cash summary, which states the amount invested during the year, but does not show the advantages derived by the society from the knowledge and skill of the trustees in connection with investments.

As indicated in the report, the amount invested on behalf of this society by the trustees is slightly over £3,500,000 [$17,032,750, par], yielding an average rate of interest of £5 4s. 2d. per cent free of income tax, whereas the rate to be employed in the valuation of our liabilities is only 3 per cent.

The trustees for this society act as trustees for the other three prudential approved societies, and on behalf of the four societies have invested close on £5,500,000 [$26,765,750, par].

Since 1914 the average rate of interest earned on the total investments increased by more than £1 per cent, giving, as stated above, a yield of £5 4s. 2d. free of income tax.

ASSOCIATION OF SMALL SOCIETIES.

The operations of the insurance require that the very small societies shall be joined into associations as a measure of reinsurance. As an illustration of a small association of this kind, the following is given: [9]

Sussex National Insurance Association.—The annual report of the County of Sussex National Insurance Association has just been issued. It is stated that the association has now been officially approved by the commissioners for national health to carry on the duties involved under the national health insurance act, 1918. With one exception, the returns for last year have been sent in by the associated societies, and the results show a small increase in the total benefits paid out as compared with the previous year. There has been a reduction in the total sickness benefits (£1,621) [$7,888.60, par] of £40 [$194.66, par], but an increase in the disablement benefits from £474 [$2,306.72, par] in 1917 to £545 [$2,652.24, par] in 1918. Maternity benefits decreased from £253 [$1,231.22, par] to £240 [$1,167.96, par]. The net result is a small increase in benefit payments as a whole of nearly £18 [$87.60, par]. The number of societies in the association on December 31, 1918, was 35, with a total membership of 4,933, excluding members over 70 years of age. The total administration expenses of the associated societies amount to £716 [$3,484, par], and is under the official allowance.

Mr. Cautley, K. C., M. P., president of the association, in the course of his report, said: "Our societies are perfectly solvent, and will, I am convinced, show considerable surpluses. The valuation by the Government auditors is now being made. I am confident that we shall be able to pay a substantially larger sick benefit than the statutory 10s. [$2.43 par]. This being so, the working men of Sussex in this association have a most valuable property and one entirely their own. Every penny saved goes to themselves. There are no shareholders or other persons to be benefited except themselves. I can not believe that if these facts were known to the Sussex workers they would let such a valuable property go. I regret that, so far, I have not heard of the suggestion of the formation of juvenile branches, which I made at the last annual meeting being carried out."

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[9] The National Insurance Gazette, London, Oct. 11, 1919, p. 450.

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*Bul. 97, November, 1911, Review of labor legislation of 1911.

A list of the bulletins in the series "Workmen's Insurance and Compensation," is as follows:

Bul. 101, July, 1912, Care of tuberculous wage earners in Germany.
Bul. 102, July, 1912, British national insurance act, 1911.
Bul. 103, August, 1912, Sickness and accident insurance law of Switzerland.
Bul. 107, September, 1912, Law relating to insurance of salaried employees in Germany.
*Bul. 126, December, 1913, Workmen's compensation laws of the United States and foreign countries.
*Bul. 155, September, 1914, Compensation for accidents to employees of the United States.
*Bul. 185, October, 1915, Compensation legislation of 1914 and 1915.
Bul. 203, January, 1917, Workmen's compensation laws of the United States and foreign countries.
Bul. 210, May, 1917, Proceedings of the third annual meeting of the International Association of Industrial Accident Boards and Commissions.
Bul. 212, June, 1917, Proceedings of the Conference on Social Insurance called by the International Association of Industrial Accident Boards and Commissions, December 5 to 9, 1916, Washington, D. C.
Bul. 217, December, 1917, Effect of workmen's compensation laws in diminishing the necessity of industrial employment of women and children.
Bul. 240, May, 1918, Comparison of workmen's compensation laws of the United States up to December 31, 1917.
Bul. 243, October, 1918, Workmen's compensation legislation of the United States and foreign countries, July, 1918.
Bul. 248, March, 1919, Proceedings of the fourth annual meeting of the International Association of Industrial Accident Boards and Commissions.
Bul. 264, June, 1919, Proceedings of fifth annual meeting of the International Association of Industrial Accident Boards and Commissions.
Bul. 272, January, 1921, Workmen's compensation legislation of the United States and Canada, 1919.
Bul. 273, August, 1920, Proceedings of the sixth annual meeting of the International Association of Industrial Accident Boards and Commissions.
Bul. 275, September, 1920, Comparison of workmen's compensation laws of the United States and Canada.
Bul. 281, June, 1921, Proceedings of the seventh annual meeting of the International Association of Industrial Accident Boards and Commissions.
Bul. 301, April, 1922, Comparison of workmen's compensation insurance and administration.
Bul. 304, August, 1922, Proceedings of the eighth annual meeting of the International Association of Industrial Accident Boards and Commissions.

The following bulletins, published since July 1, 1912, but not included in the series "Workmen's Insurance and Compensation," also contain important material relating to the subject:

Bul. 111, December, 1912, Labor legislation of 1912.
1913, Compensation for injuries to employees of the United States arising from accidents occurring between August 1, 1908, and June 30, 1911.
Report of operations under the act of May 30, 1908.
*Bul. 112, March, 1913, Decisions of courts and opinions affecting labor, 1912.
Bul. 152, May, 1914, Decisions of courts and opinions affecting labor, 1913.
Bul. 166, December, 1914, Labor legislation of 1914.
Bul. 169, May, 1915, Decisions of courts affecting labor, 1914.
Bul. 189, May, 1916, Decisions of courts affecting labor, 1915.
Bul. 211, January, 1917, Labor laws and their administration in the Pacific States.
Bul. 224, September, 1917, Decisions of courts affecting labor, 1916.
Bul. 246, September, 1918, Decisions of courts affecting labor, 1917.
Bul. 258, December, 1919, Decisions of courts and opinions affecting labor, 1918.
Bul. 290, January, 1922, Decisions of courts and opinions affecting labor, 1919-20.
Bul. 309, Decisions of courts and opinions affecting labor, 1921.

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